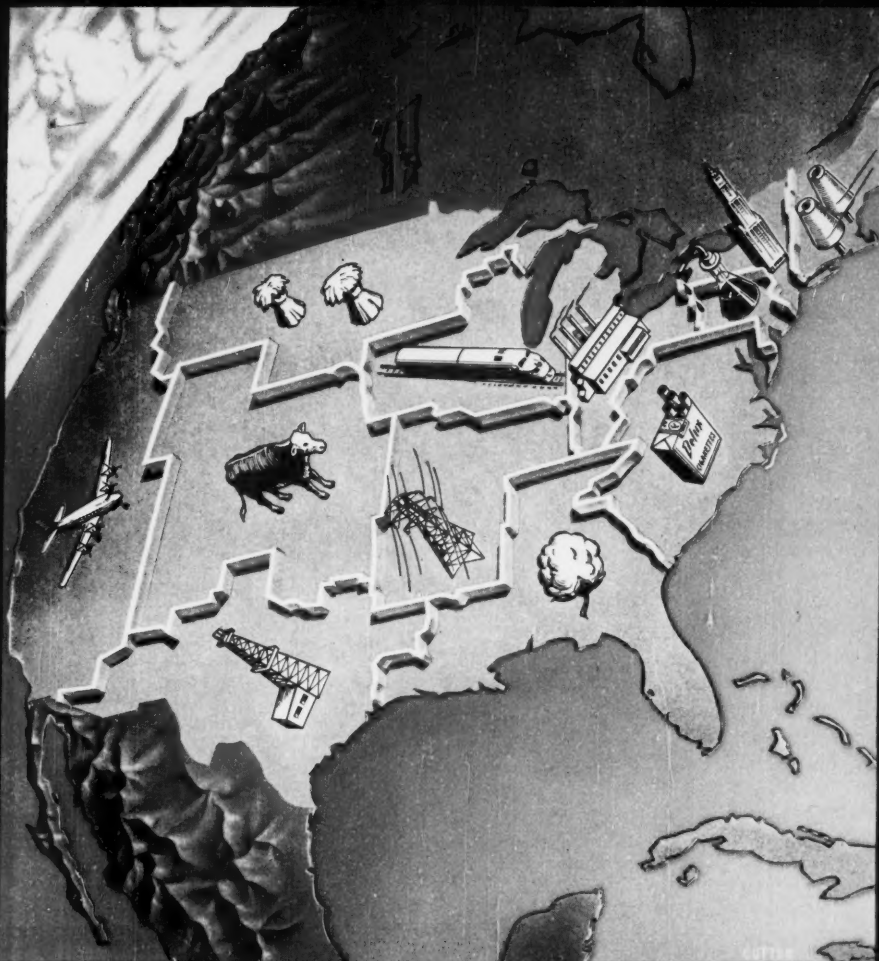


BUSINESS WEEK

NOV. 26, 1949

A MCGRAW-HILL PUBLICATION



Again in Business Week, Regional Income Indexes (pages 6, 65)

BUSINESS
WEEK
INDEX

**Special Report on
Regional Income** PAGE 65

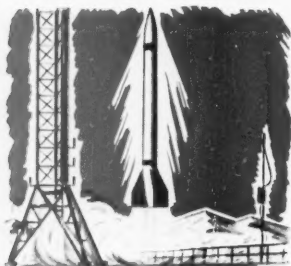
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GENERAL  ELECTRIC

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News of developments from General Electric's Chemical Department that can be important to your business.

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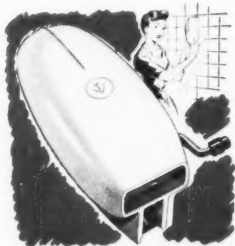
G-E Plasticizer Offers New Features

G-E 2559, a new polyester-type plasticizer that combines the desirable features of both polymeric and monomeric plasticizers is now being marketed by G. E. Having outstanding heat and light resistance with a wide range of compatibilities, very good low temperature flexibility and ex-

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CD-48-01

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PLASTICS COMPOUNDS • SILICONES • INSULATIONS • GLYPTAL ALKYD RESINS • PLASTICS LAMINATING AND MOLDING • PERMANENT MAGNETS



HOME TOWN BOOSTER

What the prosperity of the Telephone Company means to thousands of people and communities

YOUR Bell Telephone Company does more than provide good telephone service. Directly and indirectly, it touches some part of the business life and prosperity of almost everybody in town.

It is essentially a local enterprise. It is managed by home-town people. Its employees are home-town people. In your neighborhood — perhaps on your own street — are also people who have invested their savings in the telephone business.

About one family in every 35 in the country has someone who works for the Bell System or has invested in it.

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Since the war, Bell Telephone Companies have put over \$4,000,000,000 into new facilities. This money has been spent to improve telephone service and to meet heavy postwar demands.

It has meant work and jobs for people in many lines.

Your telephone company wants to keep right on moving ahead . . . improving service, making an important contribution to prosperity.

Future progress depends, of course, on adequate telephone rates. Rates are still low. The increases granted so far, plus those now requested, are generally far less than the increases in most other things in recent years. They average only a penny or so per call.

BELL TELEPHONE SYSTEM





skylines... by Otis

Little Rock, Arkansas, which proved its industrial worth during World War II, has caught the approving eye of decentralizing industries. They're capitalizing on its strategic transportation location in a region that's rich not only in livestock, oil, agriculture and timber but also in limitless, untouched commercial materials. As a result, the Capital City of Arkansas points with pride to an industrial picture comprising some 240 plants that annually convert raw materials into finished or processed goods valued at well over \$100,000,000. Naturally, we point with pride to Little Rock's skyline — where 426 of the 659 elevator installations are by Otis.

MARY A SHIVERING TIMBER.

When three new U. S. Maritime Commission cargo-passenger ships slide down the ways at the New York Shipbuilding Corporation for the American President Lines, they'll be 'salty' right down to their elevator buttons. Otis marine elevators for freight and passengers are designed to be seaworthy, come fair weather or foul.



THIS IS CALLED 'BUNCHING'.

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Would you like to improve the elevator service in your building and possibly decrease your present number of elevators? Ask about modernizing with Otis AUTOTRONIC Traffic-Timed ELEVATORING.



ELEVATOR COMPANY

Home Office: 260 11th Ave., New York 1, N. Y.

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telling Me
that I don't know
how to Count?"**

—exploded the chief engineer



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But that's a lot! Many machines that have been "taught to count" . . . with a Veeder-Root Counter built-in as original equipment . . . have shown some startling sales-spurts. For this unique feature gives any product a new usefulness, a new sales appeal, a

new distinction from competition. And there are golden probabilities that *your own product* has hidden talents in functional service which a built-in Veeder-Root Counter can build up into something big. Such talents may hide themselves from you . . . but not from the creative, mathematical eye of a Counting House engineer. He'll be glad to take a look, any time you say.

Veeder-Root

COUNTERS



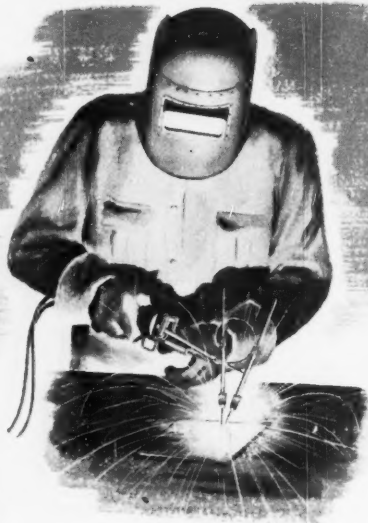
NEW GENERAL-PURPOSE COUNTER

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Who but secretaries could design a typewriter like this?

From the beginning, Royal's basic policy in typewriter design has been to talk to the people who use Royals and find out what they want.

As a result, every important change in Royal typewriters has been made to make the machine better, faster, and easier to operate.

Not so long ago, 1520 calls were made on actual users of typewriters in large, medium, and small businesses. Royal was the typists' preference more than 2¼ to 1. It's *their* typewriter, because their wishes helped design it.

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1. **Quality of work.** Typists know that a letter typed on a Royal has that fine, top-notch appearance worthy of an executive's signature.

2. **Action acclaimed.** Royal's action is universally recognized as the finest of them all.

3. **Ruggedness.** Royal's durability is *built in*! It stays on the job longer. Less time out for repairs.

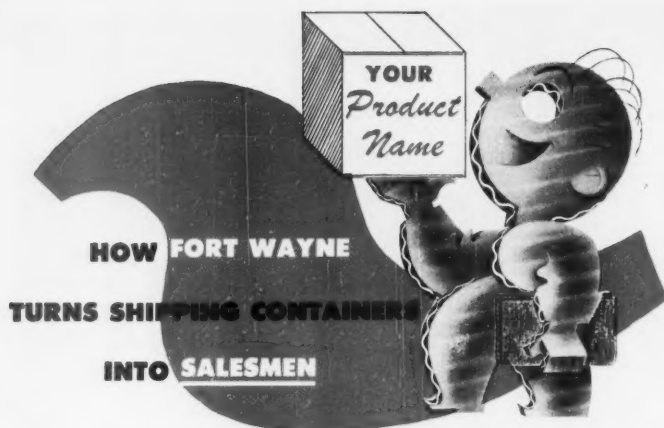
4. **Streamlined beauty.** Feast your eyes on its soft, gray tone that banishes all glare. Imagine how *modern* new Gray Magic Royals would look in your office.

5. **Magic* Margin.** This famous Royal exclusive is the most outstanding operator benefit ever invented in the typewriter field. Eliminates fumbling with margin stops. Position the carriage, flick the lever, and margin is automatically set. Remember, Royal combines more time-saving and work-saving features than any other typewriter.



* T.M. Reg. U.S. Pat. Off.

The **NEW**
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Made by the world's largest manufacturer of typewriters



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THE COVER

This is too big a country to think about all at once. Most businesses operate in a piece of it. Even the big national companies divide it up into territories—operate in a piece at a time.

• **The Need for Information**—To make plans, any management man needs information outside his own company and his own industry—on general business activity, on wage rates, on purchasing power, on consumer income and savings. Trouble is that most of the good figures are national figures. That's because they're compiled by the federal government.

Even when the businessman can get local information, it may not be too much good to him—because the various sets of local data aren't comparable. Each set is compiled by a local agency—primarily for local use. So no two of them measure exactly the same thing.

• **Prewar Solution**—Back before the war, BUSINESS WEEK solved this problem for many of its subscribers. We compiled regular monthly indexes of income in each of the 12 Federal Reserve districts.

During the war we had to discontinue these indexes. The components on which they were based were so distorted by wartime controls that the final product wasn't reliable.

Fortunately, that was just the time when the indexes could best be spared. During the war, and for the first couple of years after it, the one really important fact about income was that it was rising everywhere. But that's no longer true. Regional differences are vital again.

• **Indexes Revived**—So this week, BUSINESS WEEK reintroduces its Regional Income Indexes. As before the war, they will be published monthly. Primarily, they're a tool for marketing and sales executives—for setting up or revising local sales quotas; for planning local advertising or promotion; for checking up on local sales results. But there's information in them for every businessman who does business in one place at a time.

—Report to Executives on Regional Income Indexes begins on page 65. Cover map by James Cutler.



HOW **NYLON** CUTS TREES... AND COSTS, TOO

Strength may be mighty important in a fiber or fabric product . . . but in many cases it's strength *plus resiliency* that means top performance. For example:

When this portable saw bites into a log, there is a terrific "shock load" on the V-belts that turn the blade. The belts have to soak up a sudden strain often amounting to 66 per cent above the rated h.p. of the engine.

These V-belts are also tortured by flexing and heating at the pulleys, by branches that tangle in them. It all adds up to the toughest kind of use for V-belts . . . and a substantial replacement expense for the timberman.

But now saw operators are enjoying a whopping slash in replacement costs through the use of V-belts

corded with Du Pont nylon fibers. They find that nylon-corded belts outlast other kinds five to one—making possible savings of up to \$100 a month on a 10-saw operation.

It's only because nylon is both strong *and resilient* that these V-belts can deliver extra service. And it's such combinations of properties in nylon that are solving many other problems in industry.

Can nylon cut costs for you . . . by improving a production process, making a better product or a new one? Nylon fibers are strong, light, elastic, resilient. They can be cleaned easily . . . dried quickly. They resist deterioration by mildew, soil and marine rot, petroleum oils and alkalis. And

heat-set nylon fabrics have amazing stability.

Write for 32-page booklet, "Nylon Textile Fibers in Industry." And let us help you with your fiber or fabric problem. Address: Room 6510-W, Nylon Division, E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.

DU PONT
NYLON FIBERS



**BETTER THINGS FOR BETTER LIVING
... THROUGH CHEMISTRY**

For nylon...for rayon...for fibers to come...look to Du Pont

YOU CAN BE **SURE**.. IF IT'S
Westinghouse



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The Broadest Exchange Plan!

Since February, 1949, Life-Line motors have offered you the broadest exchange plan in industry. All 1 to 20-hp, single-phase and three-phase a-c motors in frame 203 to 326 are included. No other manufacturer of motors—large or small—provides exchange service that compares in scope to this new Life-Line Motor Exchange Service.

120 Westinghouse exchange points assure you rush motor replacement service anywhere in the United States. Replacement motors, covered by this plan, are in stock, ready to be speeded to you at any time.

And what's more, if a motor fails during warranty period, it may be exchanged *free* for a motor of identical rating. The *exchange price*, beyond warranty, is *not dependent on the time in service* . . . one year, five years or ten years.

This service is one more advantage you get with Life-Line motors. Add this to all-steel construction . . . pre-lubricated bearings . . . an indicated savings of \$750 per year per 100 motors . . . and you'll see why Life-Line has gained leading acceptance in the motor industry.

Complete details on the Life-Line Exchange Service—lists of exchange points and motor ratings covered—are given in the new booklet SM-5243. Get your copy today from your nearby Westinghouse representative or write direct to Westinghouse Electric Corporation, P. O. Box 868, Pittsburgh 30, Penna.

J-21533

Westinghouse
Life-Line
Motors



BUSINESS OUTLOOK

BUSINESS WEEK

NOVEMBER 26, 1949



If you want the rock-bottom answer to why the housing shortage has been so intense, look at the number of new marriages (page 25).

Everybody knows the formation of new families has been way above normal. But even the experts had their ears pinned back by the actual extent of this overage.

And don't think this housing need has been met by any means.

This year's zoom in home building points up the size of the need.

Official estimates now are that nearly 1-million housing units will be started before the end of 1949. That, of course, would break all records.

In fact, it would top Business Week's October estimate (BW-Oct. 15 '49, p. 19) which may have seemed a little optimistic at the time.

Extraordinary numbers of housing starts this autumn mean an unusual number of completions in the months immediately ahead.

This might cause some sales stagnation, particularly for old houses.

That, in turn, could cause nervousness among builders next spring. There were some jitters of this sort last spring; they helped account for the fact that 1949 building got off to a rather slow start.

But early uneasiness isn't likely to hobble home building in 1950. Washington figures about 900,000 housing units will be started next year, and this estimate by no means seems unreasonable.

Prices, rather than mortgage credit, would appear as a possible stumbling block for home sales in 1950.

It isn't likely that building costs will come down much. The main hope lies in a further increase in labor productivity.

But the last session of Congress pretty well cleared the decks for credit. And, with other interest rates declining, most lenders are likely to find the return on mortgages increasingly attractive.

Economists are bound to start screaming, one of these days, about the huge amount of money consumers have borrowed.

In theory, too much such credit could send us into a tailspin. But the limit has never been clearly and practically defined.

Besides, the limit could vary. Prices (or the value of the dollar) fluctuate; so do income and savings with which to pay debts.

On the savings side, it can be argued that savers aren't the ones who borrow to buy. The savers won't pay off their neighbors' debts. So what if they do hold \$200-billion in cash, deposits, and U. S. bonds?

Consumer credit may reach \$17½-billion this year.

That would be the highest on record. The 1949 rise would be about \$1¼-billion—but this gain would be less than half that in 1948.

That decline in the rate of gain is significant. We are swinging into a replacement market from a starved market. That is just as true of the loans to buy goods as it is of the goods themselves.

Repayments on old loans are starting to catch up with new loans.

Thus, the year-to-year gain in 1950 will go down, as it did in 1949.

Crux of any borrowing problem is ability to pay. And this is more a

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

NOVEMBER 26, 1949

matter of how much people are making than what they have been saving.

The people, after paying their 1949 taxes, will have more than \$190-billion to spend. Consumer credit, at \$17½-billion, would be just a little more than 9% of individuals' disposable income.

Previous high-water marks: Income of \$82½-billion and debt of \$7.6-billion in 1929, or a ratio of 9.2%; income of \$92-billion and debt of \$9.9-billion in 1941, or a ratio of 10.7%.

One argument that a high consumer debt doesn't hurt goes like this: Well, debts were high in 1929. Yet look how well they paid off.

The obverse is this: Consumers paid off their instalment debt after the crash, to be sure. But think of the things they had to do without to do it. Their not having money to buy more goods deepened the depression.

So many people have been hoarding that the coffee trade is beginning to wonder if it isn't facing a future sales slump. That accounts for the sudden dip in prices these last few days.

Traders, with fat profits, have been unloading coffee futures.

This doesn't change the fact that producing countries are in a strong market position this year (BW-Oct.29'49,p20). Yet high prices, by reducing use even a little, could alter the supply-demand ratio.

Just how sharply the textile industry snapped back this fall can be seen from cotton consumption figures.

Use in October was 725,602 bales—up from a low of 580,078 in May, and the highest since September, 1948. And, with order books loaded, November and December are likely to show less than the usual seasonal letdown.

Even so, October was about 12% below the same month in 1947.

How long the revival in textile demand will last depends on how Christmas trade pans out.

Up until this week, at least, retail trade hasn't shown the upturn that merchants have been looking for. In the week ended Nov. 12, department-store sales for the country as a whole were down 9% from a year ago.

Last week apparently wasn't much better. New York City stores were off 7%; six big stores in Philadelphia had a decline of 6%.

The comparison in both cities was a little poorer than the week before. Moreover, November was a disappointing month last year; thus, once again, it is up to December to close the gap.

Lead continues to give nonferrous metal markets the fidgets.

The price was cut another ½¢ a lb. this week. That takes the price back down to 12¢ a lb., erasing all its earlier recovery. Imports from dollar-hungry producing nations are keeping the lead market in a turmoil.

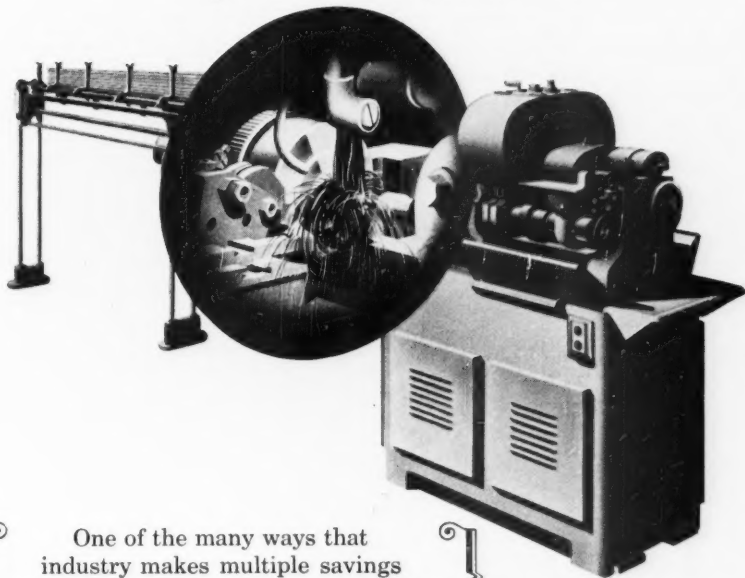
This is a restraining factor on prices of copper and zinc even though these metals at present aren't troubled by imports.

Steel output is coming back fully as fast as could have been hoped.

Final results last week showed output at 57.4% of capacity. As this week started, the industry was up to a 78.2% clip.

GULF CUT-AID

helps cut machining costs
for aluminum and other non-ferrous metals—
improves finish, tool life



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Economical machining of aluminum and other non-ferrous metals requires a cutting oil with special properties. It must have unusually good cooling and wetting characteristics, yet have better lubricating qualities than water or soluble oil emulsions.

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Here's a report, for example, from a New York firm who had a problem in drilling a hole 2 in. deep in brass bolts: "Competitive oils wouldn't penetrate into the hole during the drilling operation", says the Machine Shop Foreman. "As a result, tool life was unsatisfactory. Now with Gulf Cut-Aid we drill a thousand pieces before regrinding, an increase of more than 100%! Also

because of the exceptional cooling qualities of Gulf Cut-Aid we have no difficulty in holding tolerances to specifications."

Gulf Cut-Aid is one of more than 400 Gulf quality oils and greases that are helping industry improve production and reduce costs. For effective assistance on every application of petroleum products in your plant, call in a Gulf Lubrication Engineer. Write, wire, or phone your nearest Gulf office.

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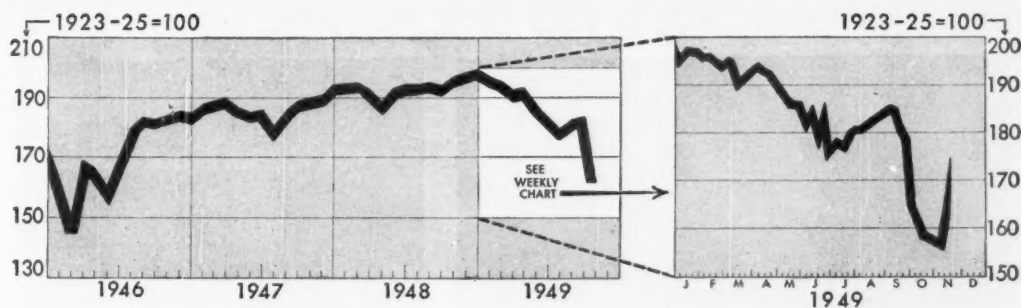
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FIGURES OF THE WEEK



Business Week Index (above)

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity)	78.2	157.4	9.0	99.2	97.3
Production of automobiles and trucks	115,683	114,856	143,049	120,718	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$26,783	\$27,601	\$23,062	\$20,505	\$19,433
Electric power output (million kilowatt-hours)	5,644	5,435	5,430	5,627	3,130
Crude Oil and condensate (daily average, 1,000 bbls.)	5,210	5,185	5,072	5,707	3,842
Bituminous coal (daily average, 1,000 tons)	1,183	447	398	2,170	1,685

TRADE

Miscellaneous and I.c.l. Carloadings (daily average, 1,000 cars)	66	67	68	84	86
All other carloadings (daily average, 1,000 cars)	40	29	29	61	52
Money in circulation (millions)	\$27,397	\$27,528	\$27,427	\$28,215	\$9,613
Department store sales (change from same week of preceding year)	-9%	-2%	-12%	-9%	+17%
Business failures (Dun & Bradstreet, number)	183	222	181	126	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), Sept.	169.6		168.8	174.5	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100)	343.7	344.0	339.0	401.9	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	228.5	229.2	224.1	280.9	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	288.9	290.2	294.0	317.2	146.6
Finished steel composite (Iron Age, lb.)	3.705¢	3.705¢	3.705¢	3.720¢	2.396¢
Scrap steel composite (Iron Age, ton)	\$29.92	\$29.58	\$25.58	\$43.00	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	18.500¢	18.500¢	17.625¢	23.500¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.)	\$2.19	\$2.20	\$2.18	\$2.31	\$0.99
Sugar (raw, delivered New York, lb.)	5.88¢	5.90¢	6.05¢	5.68¢	3.88¢
Cotton (middling, ten designated markets, lb.)	29.66¢	29.76¢	29.61¢	31.68¢	13.94¢
Wool tops (New York, lb.)	\$1.680	\$1.716	\$1.686	\$1.695	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	16.89¢	16.69¢	16.39¢	19.40¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.)	127.9	126.9	126.4	120.7	78.0
Medium grade corporate bond yield (Baa issues, Moody's)	3.34%	3.35%	3.35%	3.53%	4.33%
High grade corporate bond yield (Aaa issues, Moody's)	2.60%	2.60%	2.61%	2.82%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	14-14½	14-14½	14-14½	14-14½	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1½	1½	1½	1½	1-1½

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	N.A.	46,709	46,738	46,907	1127,777
Total loans and investments, reporting member banks	N.A.	66,656	66,439	62,647	1132,309
Commercial and agricultural loans, reporting member banks	N.A.	13,783	13,647	15,568	116,963
Securities loans, reporting member banks	N.A.	2,306	1,818	1,480	11,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	N.A.	37,042	37,625	33,525	1115,999
Other securities held, reporting member banks	N.A.	4,950	5,023	4,178	114,303
Excess reserves, all member banks	1,140	920	1,140	815	5,290
Total federal reserve credit outstanding	18,351	18,185	18,157	23,834	2,265

*Preliminary, week ended November 19.

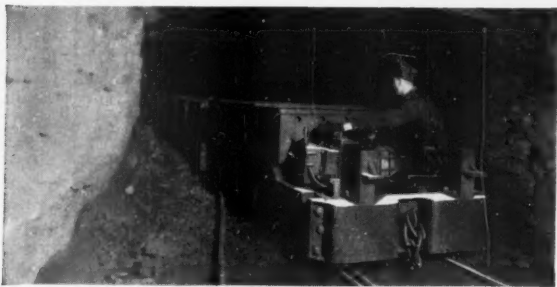
†Revised.
‡Estimate (BW—Jul. 12/47, p. 16)

§Date for "Latest Week" on each series on request.
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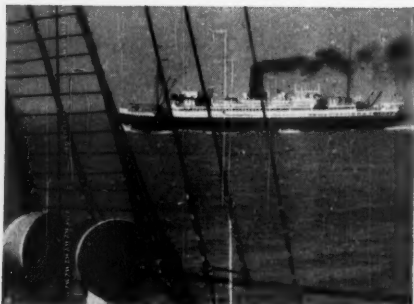
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WASHINGTON OUTLOOK



ROOSEVELT-FOR-PRESIDENT TALK

—you hear it about both Jimmy and Franklin D., Jr.—overlooks one important fact: Harry Truman likes the job fine.

Right now, Truman is the Democratic organization's candidate for 1952. Presidential cronies, in the White House as well as outside, are getting bold enough to say it right out loud.

And as long as things stay that way, any boomlet for the Roosevelt boys, for Chester Bowles, or for anyone else can only be talk.

The Truman Democrats are happy. They are satisfied that they're stronger today than in January. They are elated over efforts of the Republican Old Guard to make the G.O.P. isolationist again.

To the Truman men it adds up to this: still more Democratic gains in the Senate and House next year.

Democrats know they are going to lose some of the congressional seats they captured in normally Republican districts last year. But they expect to offset these losses—and then some.

Reason: better candidates. The party that seems to be riding high always finds it easier to attract men. Last year, for instance—when everyone knew Dewey would win—the Democratic tickets carried many a name that was there for the publicity, not for office.

But to keep winning, old campaigners know you must have vote-catching names on your ticket.

That's why you will hear no more about Truman's pique at Jimmy Roosevelt (Jimmy was for Eisenhower right up to convention time last year). Jimmy's name is the one counted on to beat Gov. Earl Warren in California, return a predominantly Democratic delegation to Congress.

That's why F.D.R., Jr., is under pressure to run against Dewey in New York next year. He probably won't do it, though; he and his political godfather, Bronx boss Ed Flynn, think he ought to season longer in Congress.

That's why you will see Cleveland Mayor Tom Burke come out against Taft for senator in Ohio. Democrats know they have to have a "somebody" to stand a chance against Taft. With Gov. Lausche refusing to run, Burke is the best bet in sight.

RESIGNATIONS IN 1950: Two key Truman

men already have scheduled their departure from government next year.

Presidential counsel and speech-writer Clark Clifford will quit in January to open a law shop in town.

NLRB's chairman, Paul Herzog, will leave at the end of his term. He's just plain tired.

THIS YEAR'S STRIKES will rank second only to 1946's record. By Dec. 31, man-days of strike idleness will reach about 55-million, with more than half occurring in the last three months.

This is less than half the 116-million working days lost in 1946 but far higher than 1945's 38-million, the next highest.

Idle steel mills and coal mines pushed October's loss way up to 19-million days. Only comparable months in history were January and February of 1946. That's when steel, General Motors, meat packing, General Electric, and Westinghouse were all out.

Strike outlook for next year is good. Most contracts being signed run for two years. Wage reopenings could bring strikes, but they don't come until the end of 1950.

Only big contract unsigned is in coal. Mine operators are trying to get rid of the "able and willing" clause that lets John L. Lewis call the miners out when he pleases. If they're lucky and win this point, there will be no coal strike either next year.

Walter Reuther could gum up the works at General Motors, but that's not likely. This contract expires June 1. Pension talks already are under way.

HOW TO KEEP A PENSION when changing employers? Unions are figuring answers for that question now that pensions themselves are pretty much buttoned up.

C.I.O.'s auto workers want a city-wide plan in Toledo (BW-Nov. 19'49, p19).

A.F.L. is telling its pension bargainers to get either:

- Industry or craft coverage; or
- A "vesting" provision, so a migrant worker can take pension credits with him.

CONSTRUCTION PROSPECTS FOR '50: As good as this year's record \$19-billion.

A joint prediction by Commerce's Office of

WASHINGTON OUTLOOK (Continued)

Domestic Commerce and Labor's Bureau of Labor Statistics forecasts: private building, off 7% to \$13.1-billion; public construction, up 18% to \$6.1-billion.

•
NEW ENGLAND IS RECOVERING from last spring's recession.

That is the feeling of Washington officials who have had to worry about the nation's No. 1 distress area. Their optimism is based on bits and pieces of information—some statistics, reports from agents in the field, talks with businessmen.

The picture: The worst-hit industries, such as textiles, paper, furniture, and electrical machinery, show an unmistakable pickup.

Heavy machinery, Washington thinks, is still lagging, the only major industry that still hasn't turned up. (But see page 19.)

•
ATOM-BOMB DEFENSE is going to become more than scare talk. Hard-headed action will overturn a lot of things in the years ahead.

That's becoming ominously certain now that Russia has the bomb, too. It will happen unless (1) war comes, say within five years, or (2) international atom control really is accepted.

•
You get a preview of what lies ahead in such reports as that which the Atomic Energy Commission has just turned over to the National Security Council.

In it, the results of Hiroshima and Nagasaki are officially translated into estimates of what would happen if a bomb dropped on Washington.

The verdict: Atomic attack would reduce the Capitol to ineffectuality, reduce the down town cluster of federal buildings to uselessness.

The solution: Scatter the Pentagon, the Commerce Dept., and the rest into the Washington suburbs—each cluster, say, three miles apart.

•
All this is long-range talk, ideas being kicked around in top government circles. Obviously, the cost of dispersing such Washington concentrations as the State Dept.-Interior-General Services Administration cluster of buildings would be tremendous.

Extend that to dispersing Pittsburgh's industrial concentration, or the manufacturing cluster in Detroit, and the cost mounts by billions.

•
Short-range policy is of more immediate and

direct concern to business. This is what government security people are shaping up:

In building new plant, choose a site where there aren't any other "targets."

The National Security Resources Board says the ideal site would be inside a circle with at least a three-mile radius. No other plant should be situated inside that circle. That radius is the safety factor in atomic bombing, at least with the bombs we now know about.

•
TRUMAN'S TAX-HIKE proposals for 1950—though not yet formalized—are already running into the same congressional opposition that blocked his 1949 recommendations.

Tax spokesmen in Congress—Democrats as well as Republicans—are bluntly saying they won't put through higher tax legislation.

Rather, the prospect is for a tax cut—in the wartime excise levies on consumer items. Even organized labor is coming around to favoring this move (BW-Nov.19'49,p15).

Congressional opposition to raising taxes is two-pronged. Sen. Millikin, Republican tax spokesman, argues: The economy cannot stand higher imposts. Democratic Sen. Douglas says: Cut spending first.

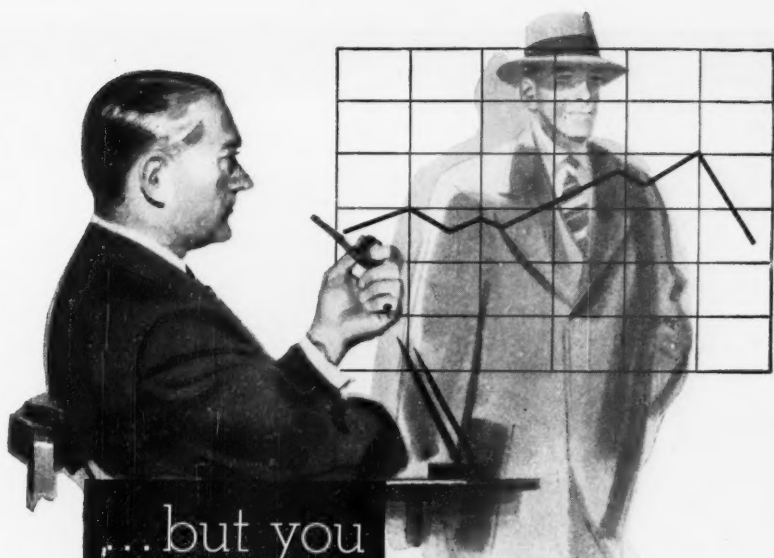
Twice in recent press conferences Truman has said he knows of no way to balance the budget except by increasing taxes next year. He has not said what new levies will be needed, but his January budget message is expected to repeat his proposals for higher corporate and top-income taxes.

•
Next year's budget for federal spending—as it is now being added up by Truman's people—totals between \$40-billion and \$42-billion.

Government income, on present tax rates, can hardly bring in much more than the \$38-billion estimated for this year.

•
DEFENSE CHIEF JOHNSON'S publicized announcement that he is cutting \$2-billion from next year's military spending means no more than this: The Pentagon has acquiesced to a Truman-imposed \$13-billion ceiling fixed weeks ago. We told you about it (BW-Nov.5'49,p16).

•
THE PRICE OF COFFEE is a dime now in the Senate restaurant. A second cup (once free) now costs another nickel.



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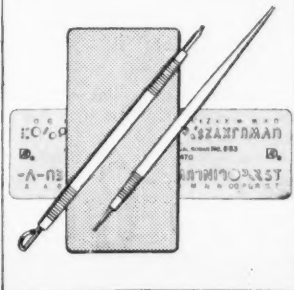
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For this man *knows* he'll be at his business conference in the morning, despite 500 miles of snow and mountains ahead. A good night's rest in that big, comfortable Pullman bed will put him in the mood

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THE SAFEST, MOST COMFORTABLE WAY TO GET THERE!



CONSTRUCTION ACTIVITY will probably make the building business the biggest buyer of equipment in 1949—maybe 1950, too.

Machinery Business Starts Climb Back

Spending is on upgrade after 18-month slump. How much it will affect 1950 capital spending is question; outlook seems good.

Prosperity next year will stand or fall on capital spending by business. All the other bullish factors are there (BW—Oct. 22 '49, p19). Capital spending is the big question mark.

• **Indications**—It's still way too early to tell what business spending plans are for next year. No government survey of planned capital spending has been completed yet; McGraw-Hill hasn't finished its survey either; in fact, most companies probably don't even have definite plans.

But this week, you can get a couple of indications of what's going to happen. They are only clues—and they cover only the new-equipment field of capital spending. They are:

(1) The Federal Reserve Board's index of machinery production; and

(2) A BUSINESS WEEK survey of important suppliers within this widespread field.

• **Improving**—From these two, you can conclude that:

The machinery business right now is slowly getting better; and

Next year's volume in most lines will be at least as good as this year's. By and large, production is moving up; so are new orders.

There are exceptions, of course. Some types of equipment are moving slowly,

and their prospects aren't too good. On the other hand, a few types of machinery are being produced at a fast clip, and their production tempo will be maintained or even stepped up in 1950.

• **Pickup**—The FRB index of machinery production had been going down ever since the beginning of 1948. By the middle of 1949, it had dropped 25%. But the decline flattened out in the third quarter of this year. Then, in September, the index turned up; it made a further advance in October. The index is now up 64% from the low.

The BUSINESS WEEK survey of machinery makers gives an even more up-to-date picture than the FRB index, which naturally does not record performance until some weeks later. The survey shows that in most companies checked buying has definitely picked up in the past 60 days. A surprising number of companies are still able to report a big backlog of orders. Deliveries have been in good volume recently, and most machinery makers expect to push equipment out of their plants at a fast rate during the closing weeks of 1949. Foreign orders for some companies are now the mainstay of their business.

The recent steel strike did not seem to hurt machinery production much

(BW—Nov. 5 '49, p20). Companies were able to make equipment from steel already on hand. The strike did have this effect, however: Some buyers of machinery held up on placing new business until it was over.

• **Big Buyers**—What industries are big buyers of equipment these days? The survey indicates that the construction industry is probably the leader. The enormous volume of construction activity in 1949 was chiefly responsible.

First forecasts of 1950 construction activity (page 15) indicate that this industry may set a new record next year. Big increases look sure in highway construction, hospitals, schools, and other public works. A continued high level of activity is expected in housing.

The public-utility industry is also in the forefront of equipment buyers. Many electric and gas utilities are going ahead with expansion programs that will not be completed for another two years. Natural-gas pipelines are being lengthened; this provides a market for more pipe, pumps, valves.

The chemical industry is also continuing to expand, and is putting out inquiries for new process equipment. Textile machinery is being produced and sold at a high rate.

• **Small Buyers**—The coal-mining industry probably is low man on the totem pole to date. This is largely explained by strikes.

The food-processing industry is also a

light buyer these days. But buying may pick up again in January. That is the traditional time for the canners to look at what's new and to place orders for machinery they can use next year.

Enough of the metal-working industries have been staying out of the new equipment market to put them far

down on the list. However, the steel industry is shoveling out large funds for new equipment and probably will continue to do so for another year or two.

• **Roundup**—Here is a summary of some of the individual company reports produced by the survey:

Allis-Chalmers Mfg. Co. The general-machinery division is sold ahead an average of nine months on all types. This compares with backed-up orders equal to 25 month's output right after the company's prolonged strike, which ended in mid-1947.

Delivery schedules range from up to three years on heavy crusher equipment down to immediate delivery on smaller items. Buying has been absolutely steady across the board the last 60 days—with one exception: utility purchases of transformers and generators. These have shown a good pickup. Orders are following inquiries promptly.

E. W. Bliss Co. Advance orders run from three to six months on larger, custom-built presses. The company has no backlog on small punch presses and can handle orders immediately. Bliss did a \$4-million-plus business during the third quarter. On this basis, it is likely to do around \$3-million during November and December.

Buying has picked up slightly in the past 60 days. Although gains were not large, the market appears to be livelier, with considerably more inquiries coming in. Bliss looks to a definite pickup now that the coal and steel strikes are easing off.

Chain Belt Co. This big producer is sold two to four months ahead on construction-machinery and conveyor-belt lines. Chain Belt is scheduled for 1950 at about the same level of production as 1949. There has been a slight pickup in recent months, with most activity in the construction-machinery division. Orders are following inquiries very promptly.

Cleveland Crane & Engineering Co. Orders are following close on the heels of inquiries and quotations. Buying has definitely picked up recently, and the steel and coal strikes were scarcely felt.

Cleveland Crane is sold two to four months ahead, depending on the type of machine.

Ex-Cell-O Corp. James Fulks, vice-president, says: "Business should be better in 1950, maybe 20% better. Actual improvement will depend on the proper selling job. The market is there, based on the age of machines in the field as shown in the recent American Machinist survey."

The company is sold ahead three months. Buying has picked up in the past 60 days, but orders follow inquiries slowly.

Hydraulic Press Mfg. Co. Enough

orders are on hand to make a four-month backlog on those products that require special engineering and design. On other types of products—those serving the die-casting and the plastic industries—the company can make immediate delivery.

Hydraulic expects 1950 business to be about equal to 1949, with shipments for the year valued between \$4-million and \$5-million. Some new-type, high-speed presses to be announced by the first of the year are expected to help 1950 volume.

Orders are not following inquiries very promptly except in the very "hot" plastics industry, where demands are now coming in for machines with greater capacity.

Jaeger Machine Co. Capital expenditures in the construction industry next year will be slightly better than this year—possibly as much as 10%—this company feels. Jaeger right now has a half-month backlog, which is better than it had a year ago. It expects to deliver \$13-million worth of machinery the balance of this year and the whole of 1950—all but \$1-million of it next year. That compares with total deliveries this year of about \$10-million.

Jeffrey Mfg. Co. Officials believe capital expenditures in the mining industry will not be so big in 1950 as they were this year.

Jeffrey's backlog is way, way down compared with a year ago. At the beginning of this year, it had a six-month backlog, but now it is sold only a little ahead. The company hasn't been able to ship all of the equipment it has sold because delivery has been postponed by the coal strike.

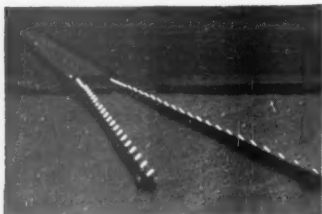
Joy Mfg. Co. Orders have been declining since shortly after midyear. This is the result of lower operations in the mines as well as a holdback on old-style equipment since the continuous miner was announced. The company says, however, that temporary resumption of coal mining has been accompanied by an increase of orders.

United Engineering & Foundry Co. Business is booked till the end of 1950 on the average, although some specific projects will run beyond that date.

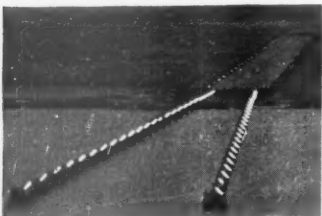
The company expanded out of its principal field of steel-mill equipment in October by buying two companies. One of them puts U. E. F. into small crushing equipment. The other gives it an organization that has been making and selling rolls for paper mills.

Yoder Co. Present orders will cover seven to nine months' production. Bids and quotations now out add four to six months.

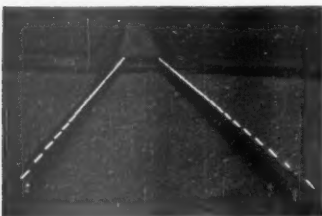
The company has definitely picked up during the past 60 days, after a very slow period earlier in 1949.



LEFT AND HIGH: Pilot, off approach path, sees saw-toothed lights at right.



RIGHT AND HIGH: He corrects position, but lights show he has gone too far.



ON THE NOSE: Lined up with runway, pilot now sees continuous strips of light.

Idlewild Lights the Path

The Civil Aeronautics Administration has put its first commercial system of slope-line approach lights into operation at New York International Airport (BW—Sep. 10 '49, p. 22). Developed by CAA, the lights are designed to guide planes onto the runway in bad weather or at night; they supplement the plane's Instrument Landing System. At Idlewild, the lights are mounted on two 2,500-ft. piers running out into Jamaica Bay. They are canted so that a pilot sees two continuous strips of light when he makes an approach at the correct altitude and angle. When his plane is off the proper path, the pilot sees a saw-toothed pattern of lights on one or both of the piers.

Steel Price Hike?

It's coming; but it will probably be in extras, not the base price. No action expected before first of the year.

Steel prices are ready for a jump. That seems pretty sure. The questions that have no answer yet are when they will jump, and how much.

For the big-league producers, the rise won't come before Jan. 1—when they start setting up funds for the new pension and insurance plans. For some companies, the starting date for accruals is Feb. 1; for others it's Mar. 1.

• **Alternative**—The only alternative to a price rise is higher efficiency or productivity. Some companies will definitely shoot for more output. Thus, 24 hours after the Irvin Works of Carnegie-Illinois reopened, its No. 2 five-stand mill made a new record for one turn of more than 1,000 tons; before the week was out, there were four records in that mill.

Another steel producer expects it may get bigger output through direct appeals to workers. But most companies aren't too hopeful that increased activity can offset higher costs.

• **Guess**—How big the price boost will be is still uncertain. Between \$3 and \$4 a ton looks like a good guess.

The industry feels that any price hike will probably take the form of a boost in extras, not in the base price. This would make it a more or less hidden boost. U.S. Steel announced early in 1949 that it was going to re-schedule its extras; up to now it hasn't done so. One advantage to this kind of hike is that it's easy to drop when competitive selling returns.

• **Why Boost?**—Behind higher prices, of course, is the heavy outlay for pensions and insurance. Before U.S. Steel settled, it figured the welfare demands would cost 10¢ an hour—or \$60-million a year. The actual cost may go even higher. Steel companies are now figuring that they may have to pay close to \$4 a ton for welfare.

This heavy bite on the purse means that the breakeven point for some companies will have to be shoved up as much as 15 points if they aren't to lose money.

At the moment, however, that question is more or less academic. Before the strike, steel plants were operating at around 80% to 85% of capacity, well above the breakeven point. Consumers argue it will be time to worry about breakeven points when operations slip again.

• **Costs Up**—Pensions aren't the only troublemakers. The prices of goods

and services to steel companies have also gone up since the last price boost in 1948. The only important item that has gone down in recent years is scrap; and scrap prices have been staging a comeback lately—though they are nowhere near their postwar highs.

The September 4% increase in freight rates on incoming steel-making materials is one major added cost. Coal is another.

• **Timing**—Pension plans are far from being the only factor in the timing of a price rise. Some steel men feel the sooner the better; the steel industry has had pretty rough handling, they say.

A great deal hinges on steel demand. From the producer's point of view, it makes sense to raise prices while demand is still strong.

• **Long Shortage**—The question is, how long will steel stay short? The strike hurt consumers surprisingly little (BW—Nov. 5'49, p20). Some steel users feel that it would take only a few months of peak operation to fill the pipelines.

But some items—sheet steel, for one—will remain short for quite a while. That's why large steel consumers, such as the auto makers, have arranged for conversion of ingots into sheet through the first quarter. This indicates that price is a minor consideration right now, since the consumer is willing to meet the extra conversion cost.

• **Orders**—Producers will know better by January how they stand. They will know how much their pension plans are likely to take out of them. More than that, they will know how they stand on orders. If they are heavily booked, an increase is more likely.

On the point of orders, what happens to the auto industry will make a big difference. The outlook for autos is good right now (BW—Nov. 19'49, p21). If the car market softens, auto makers would not like a steel price rise.

• **Freight Absorption**—And, as long as steel is scarce, the reported agreement with the Federal Trade Commission on delivered pricing (BW—Nov. 12'49, p19) won't trouble the steel producer much. But if the agreement goes through, as seems probable, it will mean some freight absorption by steel companies. A price rise around Jan. 1 would be one way to take care of that.

IS YOUR COPY LATE?

To conserve coal, the federal government has ordered the railroads to eliminate certain coal-burning trains. Among the trains eliminated are several which ordinarily pick up BUSINESS WEEK as it comes off the presses at Albany. We regret the delay this causes.

Supersonic Lab

Congress O.K.'s \$100-million to start Air Force test center in Tennessee. TVA power determined location.

The Air Force this week loomed as a big new competitor with southern industry for Tennessee Valley Authority power. What will eventually be the nation's No. 1 testing center for supersonic aviation is to be located at World War II's Camp Forrest, near Chattanooga. Chances are the center, on a 33,000-acre site, will be TVA's biggest customer, next to the Atomic Energy Commission's Oak Ridge.

Installations of the new Air Engineering Development Center will be bigger and more powerful than those at Wright Field, Dayton, Ohio—the main test base for the Air Force up to now.

Congress has already approved an outlay of \$100-million to get the project moving.

• **Equipment**—Two of the three installations will be supersonic test equipment captured from Germany at the end of World War II.

An altitude test chamber for jet and rocket engines, designed for temperature and atmospheric conditions, surpassing any afforded by such test equipment in this country.

A "hypersonic" wind tunnel capable of achieving speeds over five times as fast as the speed of sound—at least 3,600 m.p.h. at sea-level conditions.

Third of the main facilities is a supersonic wind tunnel for jet and rocket powerplants. Its 8 x 8-ft. test chamber will make it the largest of its kind in this country, and probably in the world.

• **Where?**—It was a near thing whether the center would be set up in the state of Washington or in Tennessee. Washington—with Moses Lake Air Force base—had some points to recommend it from the practical engineer's point of view. But Tennessee had the advantage of being farther inland. And the chairman of the Senate Appropriations Committee, which had to O.K. research funds, is Tennessee's Sen. Kenneth McKellar.

• **Power**—But TVA power was the key to the final choice. The Air Force stopped expanding Wright Field's test facilities mainly because of the shortage of cheap power there.

Even TVA may be put to it to meet demands. There is already some talk of expanding TVA power output to fill the new customer's needs.

The new center will begin test operations within three years. In five years, larger installations are planned.



9:15 Mrs. Eva Rouse's day begins when she walks through door of Allied Purchasing Corp. in New York.



9:20 Mrs. Rouse (left) goes over "buying plan" with market representative Mildred Liben (right) and her assistant.



9:35 She confers with Miss Liben and divisional merchandise manager, A. Stolloff, on wholesale houses she plans to visit.



10:40 Mrs. Rouse starts tour in showroom of Junior League Frocks, Inc., which makes dresses in a fairly high-price class.

The pert models chant number and price of dress they are wearing: "number nyun oh fiyuv; twenty-seven eighty-fiyuv."



2:20 Mrs. Rouse visits a medium-priced showroom (retail: \$15 to \$25), listens to proprietor M. D. Goldman's sales talk.



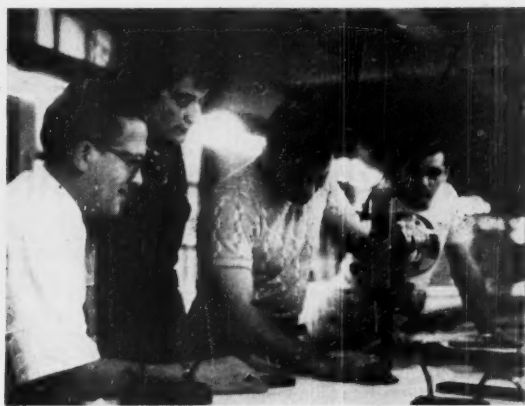
2:30 Goldman is convincing enough to sell several dresses to Mrs. Rouse—if she can find the colors she wants.



2:32 "Southern gals want something bright and gay for spring," she says. From samples, she picks the right colors.



3:15 Dresses are shown on iron racks instead of on models at house selling inexpensive dresses (around \$8.95 retail).



3:25 In cutting room, Mrs. Rouse examines dresses she's picked out with proprietor M. A. Frankel—decides to buy.

Dress Buyer Has Tough Day in New York

Every fall about this time, thousands of buyers from retail stores all over the country begin to pour into New York. There they cast a critical eye at the coats, dresses, suits, hats, and accessories that American women will be wearing next spring. These buyers—mostly women—are responsible for ordering nearly all the hundreds of millions of dollars worth of clothes bought in America every year.

• **Managers, Too**—Actually, buyers do a lot more than just buy. They are merchandise managers and key figures in any department store. For the store divisions which they are in charge of they must know the tastes and spending habits of their customers. For example: They must be able to gage, well in advance, how well a new style will be accepted by

customers. Successful buyers never get successful by having an array of last season's dresses left on their racks.

Mrs. Exa Rouse is a buyer for Levy's of Savannah, Ga., one of the chain of Allied Stores Corp. Unlike buyers for large department stores, who have only one division under their wing, Mrs. Rouse buys for several divisions: both low- and medium-priced dresses, as well as sportswear, suits, coats. She comes to New York three or four times a year.

• **Out of Place?**—A woman of sophisticated taste, Mrs. Rouse sometimes feels that she may be a little out of place in Savannah. It is a sleepy Southern city, where many local belles still go in for crinolines and don't know Christian Dior from Jacques Faths—or much care.



5:15 "God, what a day!"



DOORMAN at department store, and . . .



CARPENTERS at Yankee Stadium are all employed by Allied Maintenance Co. . . .

Handymen for Business Buildings

The end of the professional football season next week will shut down New York's vast Yankee Stadium to the public for the winter. But it won't end the work of the company which has the job of sweeping up the peanut shells and beer cans after the crowds have left the famed sports arena each day. In fact, winter is the busiest season for Allied Maintenance Co. at both Yankee Stadium and Brooklyn's Ebbetts Field, which it also maintains.

• **One Phase**—The reason is that picking up after the children of sport is only a small phase of the company's ball-park operations. Allied has a hand in nearly everything else that goes on in both places—including major carpentry and painting jobs. These have to be done in the winter; you can't be replacing a section of seats or painting when 50,000 people are filing in and out every other summer day.

But running the two sports arenas are only the more recent jobs that Allied has tackled in the past 60 years. Right now, in fact, it is doing a \$10-million business a year by hiring itself out as housewife and handyman to a lot of big companies of all kinds, mostly in the New York area. When Allied signs a contract to take care of the operation of a building (it works on a flat-fee basis), it will do any job that comes up. But its real aim is to do every job in an expert, impeccable manner—whether it's polishing doorknobs or redesigning a building entrance.

• **For the Yankees**—Versatility is the key to Allied's success. If its permanent

employees can't cope effectively with any maintenance job that pops up, it gets somebody who can. So, says Daniel Fraad, Jr., one of the company executives: "About all we don't do at Yankee Stadium and Ebbetts Field is play football and baseball, and sell hot dogs and programs."

Despite the heavy winter work, Allied keeps busy at Yankee Stadium and Ebbetts Field all year round. Allied supplies the ticket sellers and ticket takers, the carpenters, painters, electricians, and plumbers, the scoreboard operators, and public-address system engineers. The stadium police are Allied men. So are the grounds keepers, who have to make the grass grow and keep the base path and pitcher's mound in shape.

• **In the Background**—Almost every other stadium in the U.S. has its own maintenance staff. And few ball fans would ever be aware that this work was done at Yankee Stadium by someone other than the stadium itself. That's because Allied Maintenance, like any good housemaid, deliberately stays in the background—whether it's working at a ball park or at a big department store. To get its jobs done smoothly and thoroughly, Allied has a permanent payroll of about 3,000 people—employees ranging from spittoon cleaners to top-flight engineers. On call are several thousand other employees for special jobs or emergencies. (During the Big Snow in 1947, Allied hired 14,000 men to help clear off the Pennsylvania Railroad tracks outside New York. It fed them

a hot meal every four hours, paid them off in cash whenever they wanted to quit.)

Because of the broad scope of the work it does, Allied Maintenance works with 35 different unions. It has always made clear the exact nature of its business in specific lines. So it has never had a strike in nearly 60 years of existence.

• **Pennsylvania Railroad**—Allied Maintenance was born back in 1888 in the mind of Daniel Fraad, Sr. A lamp-lighter with the Pennsylvania Railroad, he noticed that nobody seemed to be specially assigned to the job of keeping the kerosene lamps in the trains clean. He offered to do the job, signed his first contract with the Pennsylvania.

Fraad's work impressed the railroad. So he landed the truly overwhelming task of trying to keep New York's huge Pennsylvania Station clean.

• **"A Good Bath Tub"**—Even a job of that size didn't scare Fraad. Today his Allied Maintenance Co. still has the Penn Station account as well as the many others that have come since then. But the station is probably the biggest headache of all. Says William Fraad, another executive: "Penn Station is modeled after the ancient Roman baths. Well, it may have been a good bathtub in Rome, but it makes a mighty tough railroad station to keep clean in New York."

• **Spittoons**—For example: One of Allied's problems has been the several thousand spittoons in Penn Station. Under its contract, it must keep them

clean—a distasteful, time-consuming, expensive job. So each time it cleans them, Allied puts back a few less, slips an ash-tray on the desk instead.

If a tobacco-chewing old-timer yells too loudly, Allied brings back his spittoon with an apology. But someday it hopes that it will have replaced all the spittoons with ash trays—which are pleasanter, easier, and cheaper to clean.

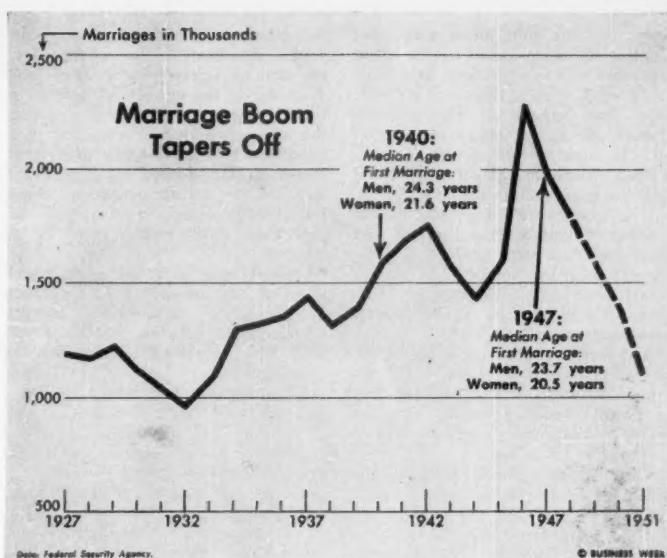
• **Any Job**—As in Yankee Stadium, Allied's work is by no means limited to sweeping up floors and cleaning men's rooms. The company will undertake any job that falls into the broad category of operations. For example: The doorman who opens taxi doors in front of New York's Saks Fifth Ave. department store is on the Allied payroll—although he wears a Saks uniform. So are the elevator operators inside. The doormen and elevator operators and heavy maintenance men (painters, carpenters, electricians) at half a dozen other big New York department stores, and many small stores and banks, are also Allied men.

With the air age, Allied Maintenance has spread its wings far beyond the limits of New York City. It now has contracts to maintain the big airports at Boston; Gander, Newfoundland; Sidney, N. S.; Moncton, N. B. It also does the housekeeping on planes for most of the international airlines.

• **Little Competition**—There's one odd thing about this general field: Apparently Allied has almost no real competition. Allied thinks the reason is that everybody feels he can take care of his own maintenance jobs with his own staff. Allied agrees that this is perfectly true. Yet the fact is that few people bother to do it the way it should be done. Says young Fraad: "There's a difference between knowing how to do something and doing it." Since it can point out in a few minutes that the professional approach means savings in this as in most other jobs, Allied lands contracts with great ease.

• **Redesign**—Allied figures that if it can get into a place early enough, skill really pays off in savings. Whenever it gets a contract with a company that is putting up a new building, Allied asks to see a blueprint. Nine times out of ten, Allied makes suggestions for more practical redesign which will make maintenance easier—and therefore cheaper.

One example was the New York airlines terminal. After it looked at the blueprints, Allied suggested that the layout be redesigned so that more floor space could be taken up by concessions. This would not only cut down the amount of cleaning area the terminal itself had to do; it would also bring in a nice chunk of added revenue. Result: The terminal adopted the suggestion then and there.



Love and Business: Both Down?

Marriages make business for many industries. High postwar totals borrowed from the past and the future. There'll be fewer marriages from now on.

Few businessmen feel it yet, but one of their markets is starting to fall out from under them. It has lost about 25% in the past three years. By the early 1950's two-thirds of this market will be gone.

That market is marriages—the new families that are formed each year as couples get married or move out of their parents' home and set up for themselves. Speaking technically, it is the annual net increase in the number of households in the U.S. (A household is defined as all the persons who occupy a house or other dwelling unit such as an apartment.)

• **Love Is Good Business**—Love may or may not make the world go round, but it is certainly good for business. New families provide a large part of the demand for housing, for furniture, for durable goods. They spend a high proportion of their incomes; more often than not they draw on savings as well. In the natural course of things they have babies, and that produces more demand, immediately and in the future.

The staggering rate of increase in the number of households has been a strong prop under the postwar business boom. Under ordinary conditions, 500,000 to 600,000 additional households would have been formed each year. But in 1947, the actual net growth was 1.6-million, and in 1948, it was 1.4-million.

This year it will be about 1.2-million.

• **Swing Back**—The jump in families caught even the experts flatfooted. The Census Bureau had predicted that by early 1949 there would be something like 40.5-million households. The actual number was 42.1-million.

But as time goes on, the experts will come into their own again. That's inevitable; the experts have looked in the back of the book. They know that in the 1950's the number of households will swing into line with fundamental population figures.

That means that the number of new families will drop sharply. And that's where the trouble for business comes in.

• **Advice**—If you work over the population figures, you can draw some queer conclusions and give some pointed advice—

• **To a furniture manufacturer:** Concentrate your 1955 sales campaign on styling and comfort. Families that are already established—and already have furniture—will make up a larger proportion of the market. Persuade them to throw out the old stuff and buy replacements.

• **To an electrical appliance maker:** By the middle 1950's, figure on bringing out some new lines to keep your volume up.

• **To the father of a marriageable daughter:** Be sure she doesn't wait too

long. For the next three years, her chances of getting a man will be better than they will be again for a long time. In the early 1950's, there will be more men than women in the marriage market. About the middle of the decade, the situation will reverse.

• **Many Marriages**—Statistically, here's how the broad picture shapes up:

The terrific rate of growth in the number of households in the past four years had two main causes: (1) the record rise in the number of marriages (chart, page 25); (2) the gradual reduction in the number of married couples living with parents.

The marriage rate was the big factor. Before the war, 1.3-million to 1.5-million marriages a year was about par. But in 1946, 2.3-million couples took the jump, in 1947 about 2-million, and in 1948 about 1.8-million.

Part of this was simply making up the deficit of marriages that had accumulated during the long depression years. But part of it also was borrowing from the future—statistically if not romantically. In the first couple of years after the war, people on the average married earlier than they had before. With the high incomes of the postwar period they could afford to. In 1940, the median age at first marriage was 24.3 years for men and 21.6 years for women. By 1947, it was down to 23.7 years for men and 20.5 years for women.

In other words, an extra year's crop of brides and grooms had been added to the totals for the period.

Obviously, there are limits to this process, regardless of whether incomes do stay high. And as the drop in marriage age stops, the total number of marriages each year will also drop. Actually, some experts say that the U.S. population is now "overmarried"; they predict that the average age will creep back up in coming years. This would mean a drastic shrinkage in the current marriage rate.

But even if people keep on marrying young, the end of the borrowing process will mean fewer marriages each year than there were immediately after the war.

• **Time Bomb**—There's another factor. Early in the 1950's, a long-delayed time bomb in the population statistics is scheduled to go off. The low birth rates of the great depression will blast the markets of the 1950's.

In the early 1930's, the annual number of births was about 300,000 below the level of the late 1920's. The children who were born during that dreary period will be reaching the marrying age in the 1950's. Just by itself, this situation would knock 100,000 or so a year off the number of marriages to be expected.

• **Tip**—This is where you get your tip on marrying off your daughter. Since

women marry younger than men, the scarce '30s-vintage brides will be looking around before their brothers are. That means the number of women in the marriage market will drop before the number of men does, creating a buyers' market in husbands. But three years later, the odds will swing the other way, and the spinster who hasn't made the most of her opportunities will find that there aren't enough men to go around.

• **Undoubling**—Theoretically, you might make up for the drop in the number of marriages by "undoubling" couples who now live with their parents. From early 1947 to early 1949, undoubling contributed about 700,000 new households to the country's total. In 1949, there were still about 2.2-million couples doubled up with relatives.

This isn't anything to count on, though. Doubling isn't always involuntary. In 1940, nearly 2-million couples were doubled up. That was a fairly good business year, and there was no housing shortage. The chances are that undoubling won't account for more than 100,000 to 200,000 new households in the next few years.

Add all these figures up, and you come out with the conclusion that the annual increase in the number of households is going to drop tremendously in the early 1950's. Business conditions will make a lot of difference, of course. If times are good, people will keep on marrying young. If things go bad, lots of marriages will be postponed.

Even with fairly good times, the net growth in households could drop to about 400,000 a year. With luck, it could run as high as 750,000 a year. But either way, the yearly increase obviously is going to be a long way short of what it has been.

• **Market Policy**—That doesn't mean that business inevitably is going to pot in the 1950's. It does mean that business will have to work out new sales and product approaches to its potential customers. It will have to concentrate on a replacement and modernization market rather than an original equipment market. The teen-age and sub-teen market will be a dandy, but other businesses will have to try to open up new markets among existing families by bringing prices down to catch the lower income levels.

In housing, for instance, the demand from new families is going to slack off. But replacement of substandard dwellings and provision of larger quarters for growing families can keep the building industry going full blast for years. The key question is the price.

Looking at it another way, you can say that the drop in the number of new households is just another sign that we have run through the postwar backlog of deferred demand.

Gain for Unity

Dept. of Defense gets a unified supply system that will coordinate distribution, as well as procurement, among services.

The strife-torn Pentagon had an example of unity-in-action this week. It came as a directive from Defense Secretary Johnson creating a Dept. of Defense supply system.

• **Cloudy Wording**—When Congress passed the National Security Act of 1947, the supply systems were theoretically united. The act gave the Munitions Board the job of coordinating procurement, production, and distribution. As far as procurement went, the letter of law was clear. But on distribution policy, it wasn't.

What the Munitions Board didn't know was whether it was responsible for overseeing the distribution work of the supply systems of the three services. Finally, in June, 1948, the board established a council on distribution policy, which tackled the problem. After 15 months, it agreed on a list of 19 principles and a framework for a supply system in the Dept. of Defense. The council's findings were the basis of Johnson's directive.

• **Revamped System**—Under the new setup, each service will continue to buy on "purchase assignments" for all three services. The over-all supervision of procurement will remain with the Munitions Board.

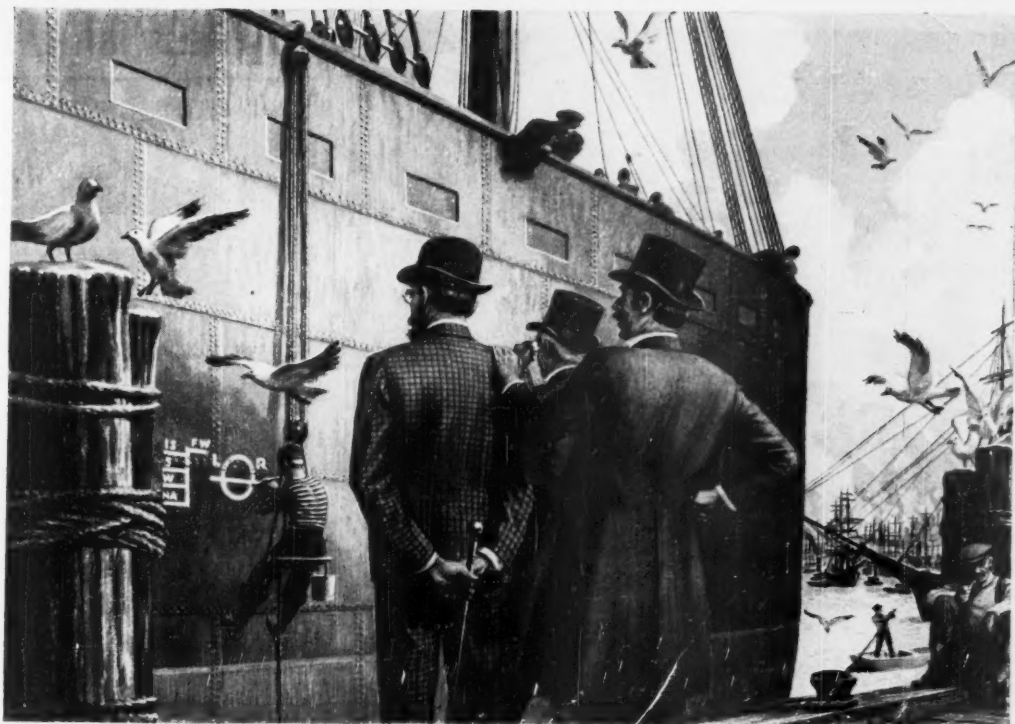
As for distribution, the three services are coordinated on policy, standards, and procedures. Each of the services will continue to man and operate supply systems. But the mission of each system will be twofold: (1) to furnish supplies to combat and service components of that department; (2) to furnish supplies on a cross-servicing basis to combat and service components of other services and departments.

TIRES ARE UP AGAIN

A second round of price increases is in process in the tire industry this week. Taking the initiative, Seiberling Rubber Co. raised the prices of its tires and tubes 3.5%. Mohawk Rubber followed.

This equaled last month's increase, which tire makers believe went only part way in making up for the 5% cut last June. Manufacturers term the reduction a "mistake" forced on them by excessive competition.

Other tire makers will probably follow suit. Most of the smaller concerns have been contending that selling prices are barely meeting manufacturing costs.



How Samuel Plimsoll Made His Mark

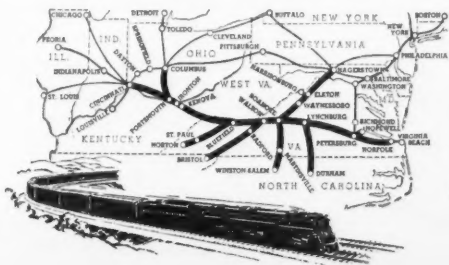
Samuel Plimsoll was England's greatest 19th century crusader for the welfare and safety of seamen. His efforts were directed especially against overloaded vessels which endangered the lives of their crews. The people of England shared his views, and Parliament passed a bill which provided that every vessel carry amidships a painted mark — now known as Plimsoll's Mark — to indicate the limit to which ships might safely be loaded. Thus, Samuel Plimsoll "made his mark" — made the seas safer for men who go down to them in ships, and for the cargoes they carry around the world.

Safety doesn't just happen. On the Norfolk and Western, safety is studied, planned, taught and practiced the year 'round. For years the railway has maintained a Safety Department to investigate safety problems, institute safer working conditions, and promote safety educational

programs through safety committees and among employees all over the railroad.

This is *prepared safety*, further assured by rigid tests of materials . . . an extensive traffic control system . . . the most modern and dependable equipment . . . vigilant supervision and maintenance of roadways . . . tested and constantly improved operating methods . . . and the desire of thousands of experienced, safety-conscious employees to do the job, big or little, as perfectly as possible. Safety is a primary factor in the Norfolk and Western's ability to provide the *Precision Transportation*, which shippers depend upon when they mark their freight "Via N. & W."

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Here's what happens: The Rapistan flow system integrates receiving, storing, order-filling and shipping in one continuous "flow" plan. Incoming and outgoing merchandise are handled at the same time, on the same conveyor line, eliminating the need for wide aisles. Supplementary Rapistan power conveyors make stacking fast, easy and

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This compact flow system is typical of the way Rapistan equipment saves time, money and floor space. And whether you need a few sections of gravity conveyor for fast truck unloading . . . or a complete multifloor flow system . . . Rapistan provides the right equipment to meet your needs.

 **SEND FOR YOUR FREE COPY of "RAPISTAN MATERIAL FLOW AT WORK"!** See how carloading was cut from 80 to 8 man hours . . . how a processor saved \$200 a week . . . how unloading costs were cut from \$17.10 to \$1.90 per car . . . and how Rapistan conveyors can work for you. There's no obligation. Write — today!



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BUSINESS BRIEFS

Maine potato growers are gripped because the Dept. of Agriculture has cut their acreage from 141,300 acres for 1949 to 120,400 for 1950. They're talking about cutting loose from the federal price-support program.

The low power rates being charged by the Bonneville Power Administration (\$17.50 per kilowatt year, wholesale) will continue unchanged for another five years. The higher construction costs BPA has had to pay for new projects won't affect customers until 1954.

New locomotives put into service by U.S. railroads during the first 10 months of this year totaled 1,577 (53 steam, the rest diesels). The Assn. of American Railroads says that this is the biggest number since 1923. But it reports that only 77,618 freight cars went into service during the same period, as against 86,060 last year.

Rex Jacobs, president of F. L. Jacobs Co., says that he has looked over the Lustron situation and is "not interested." RFC had wanted Jacobs to buy 60,000 shares of stock that it wants Lustron's president, Carl Strandlund, to surrender (BW—Oct. 29 '49, p. 25).

Uniform state regulations on maximum truck weights will be the objective of a conference called by Ohio's Gov. Frank J. Lausche in Columbus early next month. Highway officials from 12 Central Atlantic and Midwest states will attend. They will also discuss other motor-vehicle and highway problems.

A pipeline across Ohio has been proposed to FPC by Texas Eastern Transmission Corp., owner of the "Inch" pipelines. The company now plans a 255-mile, 30-inch line to carry natural gas for the New England market.

Auto output during Thanksgiving week tallied a new weekly low for the year of about 75,000 units in the U.S. and Canada. The holiday is partly to blame. But more important are plant shut-downs due to the steel shortage and to model changeovers.

Pontiac's 1950 models, on display this week end, have the same price tags as last year's cars. Only difference is in the price of the optional Hydra-Matic transmission, which will now cost \$158.50—\$25 less.

Hudson's new Pacemakers cost about \$250 less than its Super Six. Detroit delivered prices for the new smaller car range from \$1,806 to \$1,953.

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Light weight, corrosion-resistant cleanliness, and fast heat transfer make Alcoa Aluminum worth looking for in all kinds of electric appliances—from washers to waffle bakers. Appliance manufacturers will find sixty years of aluminum knowledge available through the nearest Alcoa sales office. **ALUMINUM COMPANY OF AMERICA, 627L Gulf Building, Pittsburgh 19, Penna.**

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"These modern National systems give information not available before—information that leads to savings in other departments.

"We can cut *our* accounting costs just as they did . . . and at the same time get more

profit-making information about our business.

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Get this **FREE** booklet, "How to Save Money on Your Accounting," shown in the picture above. Ask your local National representative, or write to the Company at Dayton 9, Ohio.

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MANAGEMENT

Industrial Health School

Harvard School of Public Health starts new course to train physicians for in-plant medical jobs. Industry's need for such men has boomed because of new sickness, accident benefits.

Most U. S. businesses are finding that their annual bill for industrial health is getting larger and larger. One reason: Labor pressure is forcing many companies to add or extend sickness benefits to their employees.

• **Keep Them Well**—However they may be financed, such programs give every company a new and pressing economic interest in its employees' health: It wants to keep the cost as low as possible. The best way to do that is to cut its employees' doctor bills—by keeping its employees from getting sick. And that means setting up an in-plant medical program, complete with a doctor trained in industrial health.

But the nub of the matter is this: Where do you find such a doctor? Even the medical profession realizes that there is a definite lack of physicians capable of running a large industry's health department. That is the main reason that industrial health programs haven't developed much faster than they have.

• **Harvard Course**—Last week the promise of help came from Harvard University. Its School of Public Health was putting into effect a special one-year training seminar "for the post-graduate training of physicians who will plan, organize, and direct health programs for industrial and commercial concerns as well as for labor and trade organizations. . . . Successful candidates will be presented the newly established degree of Master of Industrial Health."

Harvard believes such a course is a must these days because any industrial doctor needs more than medical training—he also has to be able to fill a complex administrative post. Dr. James Stevens Simmons, Brig. Gen. (Ret.), U. S. Army, dean of the Harvard School of Public Health, sums it up this way:

• **Special Knowledge**—"It is our concept that the director of such a health program should have a special knowledge of occupational hazards, industrial health, sanitation, safety engineering, insurance compensation, placement examinations, labor relations, and industrial organization, as well as rehabilitation, the evaluation of workers' disabilities, and the assessment of medical needs of organizations.



Gen. James Stevens Simmons, dean of the Harvard School of Public Health.

"We believe that the director of a large industrial health organization should have a working knowledge of the modern developments in nutrition, epidemiology, . . . mental health, health education, human ecology, and community health resources. He should be familiar with good administrative practice both in the field of public health and in its application to industry."

• **The Courses**—All this is what Harvard hopes to teach to doctors in its one-year courses. This program is open to all qualified physicians and surgeons, but Harvard will give preference to those who have had previous experience in industrial practice.

The curriculum is tough. To get a degree, each candidate must take 13 required courses, plus any others they can work in. The required courses are highly specialized. Industrial Hygiene, for example, will aim to show doctors how they can help eliminate industrial hazards and prevent and treat industrial diseases. Other courses will show how to set up an industrial medical department so it will work best with other staff departments in the industry. A visiting lecturer from the Harvard Business School will give the doctors a

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SEE WEBSTER
BASEBOARD HEATING
AT THIS OPEN HOUSE
... AND STAYED
TO LIVE



Mayfair Apts., Aberdeen, S. D., one of ten identical buildings featuring Webster Baseboard Heating. Built by The Acme Company. Architect: U. L. Freed, Plumbing and Heating; Tri-City Plumbing & Heating Co. Mortgage: Midland National Life Insurance Co. FHA approved. Commitment was \$1,000,000 or \$1,753 per room. Rental is \$19 per room including heat, water and janitor service.

Webster Baseboard Heating was a hit of the open house at this modern apartment village in Aberdeen, S. D.

"Webster Baseboard Heating shared honors with the all-electric kitchens for the widest interest and greatest approval," says Sheldon F. Reese, president of The Acme Company, project owners. "It was one of the big selling points."

Webster Baseboard Heating is dependable, perfected hot water heating installed behind a specially-designed metal baseboard around the exposed walls of a building. Tests show less than 2° variation between floor and ceiling. Comfort even in sub-zero weather!

Whether it is heating for an individual residence or for a project like Mayfair Apartments, get the facts about Webster Baseboard Heating. Your local heating contractor can install it. Ask for "Questions and Answers about Webster Baseboard Heating."

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Of all the 400,000 varieties of fastenings that literally hold our industries together, Continental makes a large proportion marketed under the famous HOLTITE trade name. Most of them are standard — screws, nuts, and bolts for every use in every industry. Others like the well-known HOLTITE-Sems and HOLTITE-Phillips screws are patented specialties and the famous HOLTITE-Thredlock, Locktite and Tap screws were first designed and produced by HOLTITE. Sometimes a fastening engineered by HOLTITE for one industry finds an unexpected use in another. Often a HOLTITE-Engineered fastening will replace several parts that a manufacturer is using. Why not discuss your fastening requirements with a Continental Sales-Engineer. He will focus on your requirements all the broad industrial-fastening experience and ingenuity of Continental. Remember Continental is constantly improving HOLTITE products, lowering their cost and broadening service.

ENGINEERED FASTENINGS FOR PRODUCT ENGINEERS

A. This chrome plated Phillips screw used on passenger guard rails in busses has a special shaped head to dress up appearance and provide additional shear resistance.

B. A special shoulder on this unusual HOLTITE Phillips motor bus seat adjusting screw assures snug, rattle-free fit between vehicle body and driver's seat.

C. The Phillips head on this special HOLTITE-Sems bolt speeds initial driving. The hex head allows use of a torsion wrench for final adjustments and repair in the field. This unique design cuts assembly time on truck chassis by several minutes.

D. An example of a HOLTITE "Lock-Tite" screw. The screw and lock washer come in one solid piece. With but one part to handle, assembly steps up and waste drops to a minimum.

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HOLTITE
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1904

CONTINENTAL

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1949

course in the various types of industrial organizations.

• **Background**—While this particular program is new, Harvard has a lot of experience in the general field. In 1918, the School of Public Health set up its first industrial health program, concentrating mainly on research. Since then, it has collected an outstanding list of authorities. Among them: C. P. Yaglou, said to be the world's outstanding authority on ventilation; and Philip Drinker, famous as the inventor of the iron lung. Drinker now heads the school's industrial hygiene department.

The directors of the Harvard program believe that their work will benefit everybody affected in any way by American industry.

• **Everybody Benefits**—"Better industrial health conditions are of great value to all. There can be no argument about this. It means greater efficiency for management. It means larger dividends for the stockholders. It means high productivity, hence higher wages for labor. And for the nation it means better health for 60-million people."

Labor shares Harvard's enthusiasm in this kind of program. The main reason, Drinker thinks, is John L. Lewis. The establishment of the coal miners' welfare fund "raised the preplacement and the checkup physical examinations to the level of respectability in union circles." Drinker gives this example of labor's attitude.

• **Labor Changes**—"In a large smelter with which I am connected, the striking workmen arranged in advance with management for the men to leave the picket line to enter the plant and have their routine medical examinations. This occurred in 1947 on the West Coast, not far from a shipbuilding area where, in 1944, the Maritime Commission, Navy, and Public Health Service, acting as a team, were prevented by the dominating union from giving checkup examinations and chest X-rays to a group of welders."

Workers' clinics, too, "have done much to show the workman what he has to gain from good medicine and good public health practice."

• **Economic Soundness**—Despite its growing interest, industry still has a lot to learn about the economic soundness of industrial medicine, says Prof. Drinker. "Industry is greatly concerned with absenteeism. It wants the man to have medical advice that will get him back to work." The plant doctor, he thinks, can save a lot of man-hours.

There are even greater economic advantages in preventive medicine than in treatment. Drinker says: it can cut down both on absenteeism and expensive damage suits. Preventive medicine, for example, will reveal the worker who has heart trouble and the management can keep him away from heavy labor. It



MR. J. E. OBERLIES,
Traffic Manager,
Eli Lilly
International Corporation
Indianapolis, Indiana

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"Getting our pharmaceuticals and biologicals into customers' hands often requires shipping by Clipper Cargo. We ship this way more and more be-

cause it's so convenient to get such prompt clearance at customs and such prompt delivery at the destination. Even damage due to handling has been cut to what we consider a minimum. No need to worry about lost shipments, either. Tracing of shipments is almost nil because of prompt delivery.

"Thanks to Clipper Cargo, none of our customers is now farther than three days away no matter where in the world he is located."

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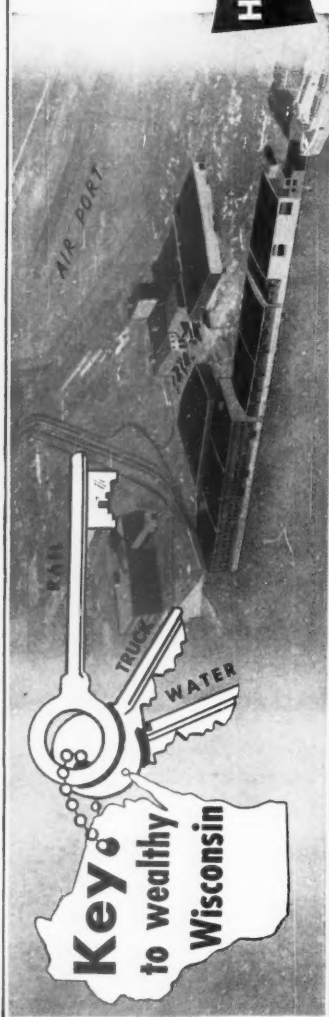


SPOT stock with Hansen Storage, Milwaukee ... make Wisconsin's largest warehouse your branch serving this billion dollar market ... and learn how easy it is to:

1. Take a time-jump on competition
2. Net many new freight-rate savings
3. Save money on mechanized-handling
4. Wipe out waste warehouse overhead

HANSEN STORAGE CO.
Milwaukee, Wisconsin

118 No. Jefferson St.



will show up the worker who should stay away from loading platforms because he has slow reflexes. And it can prevent one of the most disastrous things of all from happening to labor relations—the development of industrial diseases, like silicosis.

• **The Aging Worker**—A third economic factor in industrial health is the aging worker. Today's union seniority rights, which give the older worker higher wages and greater job security, make it wise for industry to keep him in good shape. Moreover, present pension setups may make industry want to keep the older worker on beyond usual retirement age. He'll stay if he is healthy enough.

Harvard is by no means the only university which has a school of public

health offering training in industrial medicine—although Harvard's new plan is said to be the most comprehensive. New York University, the University of Pittsburgh, and the University of Cincinnati, among others, also train doctors for in-plant medical work.

• **Part-Time Basis**—Even so, there are still not enough trained men to meet the demand. Even small employers are beginning to want trained physicians at least on a part-time basis. Gen. Simmons suggests that groups of small companies (employing 2,000 people or less) get together and hire a physician who can share his work among them. And if the physician has no training in industrial health? Gen. Simmons' answer: "Send him to Harvard for post-graduate training for a year."

How to Afford a Company Plane

J. Branch Briggs, Philadelphia ad man, works his craft in charter pool, uses it to transport clients—at airline rates.

In Philadelphia an advertising and public-relations company has found a way to put air power to work for it—without losing its eyeteeth for the luxury of a company plane.

J. Branch Briggs started out about a year ago to build his own business. Many of the clients admit that what attracted them to Briggs was the unusual—an air service combined with copy and layout service.

• **The Ingredient**—Briggs' idea from the very beginning was to put something unique into his business. An airplane—specifically a single-engined Beechcraft Bonanza—seemed the exact ingredient. The craft would be at the disposal of clients for out-of-town junkets and for aerial photography. Briggs himself would be able to use it to reach his accounts in a hurry.

Cost seemed the big obstacle, as it does to most firms thinking about an airplane. But, today, Briggs not only makes the plane pay for itself; some months he gets it to show a modest profit. Here's how he does it:

Briggs knew at the start that planes sitting idle gobble up too much cash. You need about 600 flying hours a year (90,000 mi.) to make them pay for themselves. So he decided to work in a plane pool. At Wings Field, Ambler, Pa., Briggs found other plane owners who were willing to make their craft available for private charter jobs. The rate was set at \$25 an hour, the owner paying all expenses except pilot and insurance.

Briggs says the rate is high enough to make the operation of eight Bonanzas, two Cessnas, and one Twin Beechcraft profitable to the owners. Added to that is the fact that, under the pool arrange-

ment, there are always some planes available. If your own ship is out on a job when you need it, you can use one of the others to get you where you want to go. The charge for use of another pool plane is \$15 an hour.

• **The Figures**—To handle the accounts of the plane, Briggs formed a subsidiary of his agency. Its figures show that, on a 150-mi. trip, it costs about \$15 an hour to operate the plane. Thus, the average cost is 10¢ a mi. If you have a pilot and three riders, the cost per person comes out to only 2½¢ a mi. The \$15 figure covers three-year amortization of the plane, insurance, hangar rent, fuel, and periodic overhauls.

Applied to a specific flight, it works out this way: A round trip, Philadelphia to Milwaukee, is a 10-hour project. At \$15 an hour, the cost is \$150. United Airlines charges \$88.67 for the same flight, including tax and the 5% reduction for the round trip. But when two riders make the trip in the private plane, Briggs, by charging up the trip at the regular airline rate can make about \$27 (\$167.34 less \$150). When three make the trip, Briggs gets \$135; with four his take stretches to \$205. So even after he pays the charge for chartering a plane, Briggs can often make a profit.

• **Lunch to Dinner**—Briggs himself has left Philadelphia at noon, spent an hour with a client in Oil City, Pa., gone on to Middletown and Dayton, Ohio, and has been back home for dinner. The plane has been grounded by weather only twice during the year.

On his agency payroll today, Briggs has 17 employees. One of them is a former Air Force pilot who can double in brass at the controls of the plane. Briggs, too, holds a pilot's license.

For Safer Autumn Driving

Autumn, with its crisp, cool days, is usually one of the most pleasant seasons of the year for motoring—but this can be enjoyable only when it is safe.

The President's Highway Safety Conference reports that the traffic fatality rate has dropped steadily in the postwar period from 11.3 for each 100,000,000 miles of vehicle travel in 1945 to 7.3 in 1948. While this is encouraging, the 32,000 automobile accident fatalities last year indicate the need for greater improvement.

Safety authorities agree that most ac-

cidents are the result of *drivers' mistakes*. By far the most important cause of accidents is the failure of drivers to adjust speed to changing road and traffic conditions. For example, 55 per cent of all fatal accidents happen at night, when vision is obscured, and 14 per cent occur in inclement weather, when roads are slippery.

Traffic experts stress driving at reasonable speeds as one of the most important steps in reducing highway accidents. In addition, they make a number of other suggestions, some of which are illustrated below:



1. Vehicle defects are reported as contributing causes in many accidents. So, it is important to have your car completely checked at regular intervals to make sure it is in safe operating condition. Particular attention should be given at all times to brakes, tires, steering mechanism and lights.



3. Collisions frequently occur when cars are too close together. On dry pavements, a good rule is to allow one car length for every 10 miles of speed. This margin should be increased at night, on slippery roads, or at high speeds.



2. Skidding on slippery surfaces is a frequent cause of accidents. To help avoid this, brakes should be applied with light pressure, then released and applied again. Jamming the brakes on will lock the wheels and may cause a skid.



4. Emergencies need not always cause accidents if drivers know how to handle them. For example, when a tire blows out, keep a tight grip on the wheel and allow the car to slow down before applying the brakes. This makes it easier to prevent swerving or skidding.

The cardinal principle of safe driving is to keep one's car under control at all times. Only as more and more motorists observe this basic principle can the number of automobile accident fatalities be further reduced.

For more information, send for Metropolitan's free booklet, 129-S, called "How's Your Driving?"

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Metropolitan Life Insurance Company

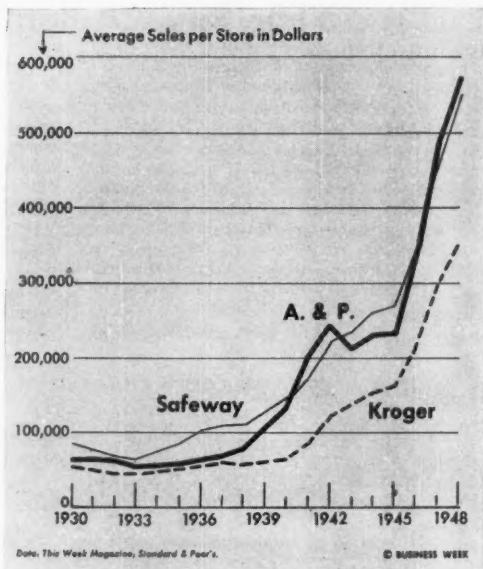
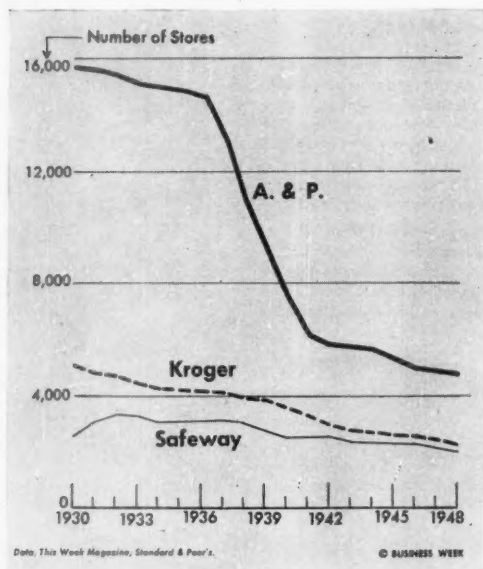
(A MUTUAL COMPANY)



1 Madison Avenue, New York 10, N. Y.

TO EMPLOYERS: Your employees will benefit from understanding these important facts about safer driving. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

MARKETING



Chain Pattern: Fewer Stores, More Sales

Grocery chains again using their prewar strategy of boosting sales per store, paring costs. Safeway maps \$100-million program.

The big chain grocers are shifting into high gear again.

In recent years, the Big Three—Great Atlantic & Pacific Tea Co., Kroger Co., and Safeway Stores, Inc.—haven't had the percentage of the nation's food business they once had. In 1941, they got 17.1%. By 1945, the figure had shrunk to 13.5%. Last year, it climbed back some to 15.2%.

• **Not Bad, But—**True, the chains haven't exactly been starving. Since 1940, their combined sales have jumped from \$1,762-million to \$4,830-million. Yet their share of the total has been down; and in a business as competitive as groceries, that's bothersome. So now it looks as if they are picking up the threads of an expansion pattern they had to lay aside during the war.

Last week, Safeway said that it is getting into the expansion race with both feet. Safeway's president, Lingan A. Warren, told the Boston Security Analysts Society that his company expects to build some \$100-million worth of replacement stores in the next five years. On top of that will be \$45-million for equipment and fixtures.

• **Expansion With a Difference—**The key word in Safeway's program is "re-

placement." For, to the big chains, expansion doesn't mean more stores. It means a steady paring down of store units (chart, above). Smaller, more inefficient stores will give way to big superdupermarkets.

There are several reasons why chains think of expansion in such terms:

(1) It's cheaper to operate one big supermarket than several small stores.

(2) The big store that supplants three smaller units usually makes more sales per square foot than the stores it replaces (BW—Jun. 18 '49, p. 70). One reason is that you can offer a much wider variety of products in the big store than in the little one.

(3) Chain stores have been under a running attack by state and federal legislators since the thirties. Many states levy taxes on chain stores. And because this tax is often based on number of stores, it makes sense to keep numbers down. Besides, more stores might look like monopoly—a word which gives chain-store men the jitters.

• **Safeway's Plan—**Safeway will construct 1,000 new outlets. But it will close about the same number of older stores. Thus, Safeway's size, unit-wise, will stay about as is.

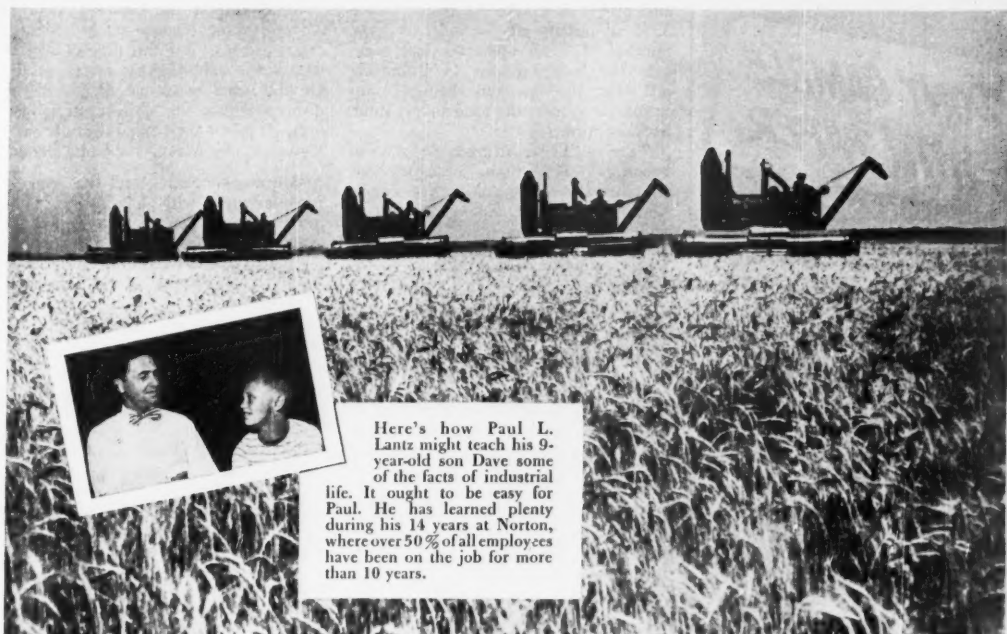
The new stores, for the most part, will be larger than those they replace. And they will have more parking space. Warren is currently "thinking about stores with 12,000 sq. ft. to 15,000 sq. ft. of floor space. The parking lots will hold at least 80 cars.

• **Kroger—**The other two big chains, A. & P. and Kroger, haven't committed themselves on their plans. Nevertheless, Joseph B. Hall, Kroger's president, says, "We are continuing our program of improving and consolidating stores in the territory we serve." Up to now, that has meant the quiet closing of small units coupled with a star-spangled opening of a big supermarket.

• **A. & P.—**A. & P. has been following pretty much the same policy. It has been cutting down the number of outlets, while doing a larger gross per store. But under the dangling sword of an antitrust suit (BW—Sep. 25 '49, p. 25), A. & P. isn't discussing its plans.

• **Competition—**Boston's Security analysts had some questions to ask Safeway. They noted that while Safeway's total sales had climbed from \$847-million in 1946 to \$1,178-million in 1948, net profits had dipped from \$11.4-million to \$9.9-million. Why?

President Warren's answer: Competition in the West and Southwest was severe during 1947 and 1948. Safeway was particularly dissatisfied with sales



Here's how Paul L. Lantz might teach his 9-year-old son Dave some of the facts of industrial life. It ought to be easy for Paul. He has learned plenty during his 14 years at Norton, where over 50% of all employees have been on the job for more than 10 years.

A quintet of combines in action.

"IS FARMING AS EASY AS IT LOOKS, DAD?"

"No, son. It's just easier than it used to be, thanks to the farm equipment manufacturers who are always finding new and better ways to make farming more efficient."



"Diesel tractors give more power than 100 horses. Smooth, rugged power derived from accurate, close-fitting parts. Norton Lapping Machines finish these parts to closest tolerances possible in mass production."



"Parts like cultivator discs and plowshares, made of today's tougher metals, stand rougher treatment. Fast-cutting Alundum grinding wheels, or Alundum-coated polishing wheels, finish these parts right!"



"Grinding and finishing implement parts, sharpening cutting tools, heat-treating metals for improved properties are among the vital farm-equipment jobs entrusted to Norton grinding wheels, machines and refractories."



"Yes, indeed, Dave, the Norton products I help make are an important part of the preparation of every meal you eat. As a matter of fact, just about everything that makes living worthwhile today is a little bit better because Norton products added something extra to it."

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When you're looking for a paper to do a special job why take chances on getting a sheet that won't exactly fit your requirements? Call on Patapar Vegetable Parchment. This unique wet-strength, grease-resisting paper is available to you in 179 different types or variations. That puts the chances at 179 to 1 that Patapar will come up with the answer for you.

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Business men find Patapar ideal for packaging and protecting foods like butter, meats, fish, cheese, margarine, ice cream. They use it for milk and cream can gas-kets, vitamin capsule trays, greeting cards, rubber mold liners, lamp shades, ham boiler liners. These are just a few typical uses of Patapar.

BUSINESS MEN: Tell us YOUR problem. Let us help solve it with one of the 179 types of Patapar.



Patapar Keymark, nationally advertised symbol of wrapper protection

Patapar
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Paterson Parchment Paper Company
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West Coast Plant: 340 Bryant St., San Francisco 7
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Headquarters for Vegetable Parchment since 1885

and profits in California (where some 30% of outlets are located). A large number of small operators had gone into the food business in California just after the war—and they got into trouble as soon as the food supply came back to normal.

"The resulting struggle to stay in business," said Warren, "brought about an unusually severe competitive condition, with a great deal of below-cost selling by all food retailers." As a result, Safeway's profits suffered.

• **Financing**—Warren also shed some additional light on the company's \$100-million building program. Safeway will buy the land, build the stores; then it will sell them to investors and lease them back. With this device, the plans can probably be carried out through a revolving fund of only \$10-million.

• **Nielsen's View**—Meanwhile, another expert was unlimbering some illuminating facts on food distribution. In New York, Arthur C. Nielsen, president of A. C. Nielsen Co. (which collects extensive data on food and drug sales) pointed out these trends to the Grocery Manufacturers of America:

Food sales per capita increased 8%, on a tonnage basis, between 1942 and 1949; but...

Retail inventories on an index basis for the same period, dipped from 100 to 89 (based on 33 packaged grocery products). That means, said Nielsen, that more and more retailers could be out of stock on a particular item when a customer wants it. And that, in turn, poses a tricky problem for the manufacturer, who is anxious not to lose sales.

Major brands of food are being stocked by grocers on a more selective basis. Generally speaking, there is no type of store (except country general stores) that is stocking as many different major brands now as in 1942.

Corporate chains and supermarkets still stock more major brands than other types of groceries—though they carry fewer than they used to. And these are the stores, says Nielsen, that have made the most sales progress in the postwar period. (Kroger Co., for example, shifted its sales emphasis to national brands a couple of years ago, is still pushing them for all they're worth.)

Food advertising is being used by some 32% more food stores this year than in 1946. The biggest gain is among the small independents. Only 3% of them used advertising in 1946; now 7% advertise. More impressive, however, is the fact that 79% of the corporate chains were advertising in 1946; today the figure is 92%. For the large independent food stores, the 1946 figure was 47%; this year, it's up to 67%.

Retail display has changed. Grocers are still using display—stacks of cans, cereal cartons. But this type of display has grown only slightly since prewar. On the other hand, use of advertising displays within the store—posters, banners, strips on shelf moldings, etc.—has increased 175% over the same period.

• **Warning**—Nielsen left the grocery manufacturers with a warning. The growing trend toward self service, he said, is something for the advertiser to ponder. You can't expect a consumer to reach for your brand if she has never heard of it. Yet major-media advertising of food, as a percentage of sales, has declined 8% between 1939 and 1948.

Sells Precut Clothes For Sewing at Home

Cutting the cost to the consumer is always good sales bait. That's the theory on which many stores have eliminated alterations, deliveries, credit, and other costly services.

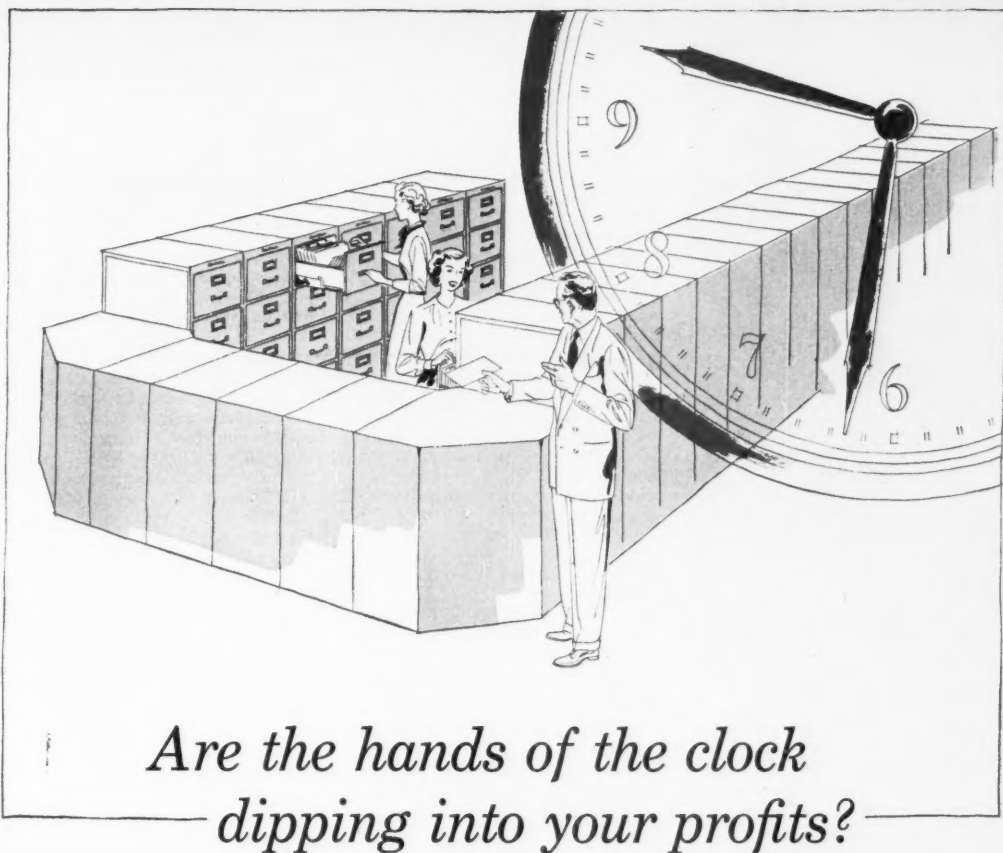
• **Sew at Home**—In Port Chester, N. Y., a manufacturer-retailer called Comlee Clothes, Inc., has gone one step further in eliminating services—by eliminating the sewing. Comlee's clothes for children come to the consumer pre-cut, pinned and ready to sew—but without a single seamstress' stitch in them. The customer does her own sewing and pockets savings as high as \$11 per garment.

This is how it works: Mama brings Suzy to the shop and tries on finished garments for fit and style. She then makes her selection from among packages of pre-cut coats. Before she has even uncovered her sewing machine, she has a good idea of how the coat will look on Suzy, has bypassed the hurdle of cutting into new goods. And she saves about 40% of the retail price of the finished coat, a little more on a skirt. (Actually, she even saves a bit over buying yard goods; professional cutters can get more pieces out of a given yardage than an amateur.)

Comlee's line includes boys and girls outerwear, sizes 3-14, in the medium price class—\$16 to \$25 finished, \$9 to \$14 pre-cut and ready to sew. Wool gabardine skirts sell finished for \$3 to \$4, pre-cut from \$1.39 to \$2.

• **No Trick to It**—Harry Millstein, the sparking partner in the firm, is thinking in terms of nationwide distribution (he now operates only his own retail outlet). "Anybody who can sew," he says, "can sew a pre-cut with no directions."

Although Comlee Clothes has been in business only about a month, Millstein says the response has been "terrific." Already, he is making plans to expand his line.



Are the hands of the clock dipping into your profits?

TIME is the critical factor in fast-paced business, today. And the success or failure of many companies may well depend upon their judicious use of every working minute.

That's why Shaw-Walker has "time-engineered" its filing and finding systems to cut costly clerical time — and even costlier executive "waiting time" — to the very minimum.

Out of fifty years' experience in serving the "time economy" of American business, Shaw-Walker has developed foolproof filing systems and a wide range of time-saving steel

filing cabinets. Whether your organization requires one file or a thousand, there are "time-engineered" systems and equipment ready-made for you.

And there are Shaw-Walker desks, chairs, fireproof cabinets, indexes and other supplies — 4,000 different items — each "time-engineered" for the

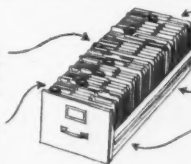
needs of every job and worker.

If you are ready to set up and equip a new business, or merely wish to modernize worn, out-dated offices, be sure to use Shaw-Walker equipment throughout.

It will help you make the *most of every minute, every working day!*

Finding is fast because records are automatically classified as to importance... top-ranking customers, active correspondents, infrequent.

Mistake-proof guide headings eliminate figuring and guessing.



"Time-engineered" even in its streamlined physical make-up. Follow-up of letters simple, automatic.

Positive control over all papers out-of-file.



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Packed with ideas for stretching office time! Organize now for greater sales effort and lower operating cost! A wealth of ideas on "time-engineered" office systems and equipment. 36 pages! Many color illustrations! Just off the press! Write today on business letterhead to: Shaw-Walker, Muskegon 21, Michigan.

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Please send me Vari-Typer Booklet #34.

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Company.....

Address.....

City.....Zone.....State.....

..... THE ABOVE TEXT WAS VARI-TYPED.

Hugger-Mugger in Liquor Trade

The liquor industry is resorting to rough sales tactics now that competition has tightened up. That raises an old specter—state monopolies. Dry laws are also a threat.

The liquor industry has gone back to its old ways. As liquor consumption dips and stocks pile up in warehouses, the in-fighting on the wholesale level gets increasingly rough. Bootlegging and price-cutting are only two of the methods used by salesmen to squeeze more business out of the shrinking liquor market.

This is bad news for an industry that has always been under fire, even when business was good. Now the industry is scared—and with good reason—that its trade wars are only building up pressure for wider local option or more state-operated liquor monopolies. So, liquor wholesalers are trying to police their own industry before the voters put them out of business.

• **New Jersey**—New Jersey offers a good example. This week the Wine & Spirits Board of Trade of N. J.—representing 50 leading wholesale liquor dealers—was making a determined effort to keep the industry in line. To accomplish this it has just appointed a state liquor czar—Michael F. McDermott, a former deputy chief inspector and one of the most colorful detectives of the New York City police department. His job: to force member wholesalers to observe their own fair-trade practices, to say nothing of the state's liquor fair-trade laws.

McDermott has promised to "pull no punches." But, as a spokesman for the Jersey wholesalers pointed out, "It's a big job; we have not only got to cut out price-chiseling, but have to watch out for bribery and thievery."

• **Georgia**—Georgia liquor wholesalers are trying the same remedy for their ills. Last month the Georgia Distilled Spirits Institute appointed its own czar. He is W. D. Hearington, a former district supervisor of the U. S. Treasury Dept.'s alcohol tax unit. His job is even tougher than McDermott's. He must try to stop (1) smuggling of whisky into the state to avoid Georgia's \$4-a-gal. warehouse tax, and (2) smuggling from the state's 28 wet counties into its 131 local-option counties.

These abuses have the state's wholesalers really worried. A strong movement for state-wide prohibition is certain to crop up in the next legislature, which convenes in January. Even if the dries don't win—and they probably won't—there's the threat of a state monopoly over liquor wholesaling. This has strong backing from P. F. Gilbert, head of the state's alcohol tax unit, and from

ex-Gov. M. E. Thompson. They argue that state monopoly would not only increase state revenues, but would also make law enforcement easier. (Last month, four wholesalers had their licenses permanently revoked for shipping into dry counties.)

• **Other States**—In at least two other states the monopoly movement is likewise gaining strength:

• **In Massachusetts** the pressure for state monopoly—over both wholesaling and retailing—arises from the fact that neighboring New Hampshire already has such a monopoly. State monopoly generally means lower retail prices than those charged in nonmonopoly states—which is true in this case. So despite the state cops, there's a lively liquor trade across the border. Massachusetts backers of monopoly argue that it would win this lost business back from New Hampshire.

• **In Louisiana** it springs from the Nov. 7 decision by the state supreme court tossing out as unconstitutional the state fair-trade liquor law. With fixed wholesale and retail markups gone, retail prices have been cut as much as \$1 and \$1.25 a fifth. The liquor industry naturally fears the chaos of widespread price-cutting, which would only strengthen the monopoly movement.

• **Bootlegging**—Bootlegging is kicking up a fuss in other states. Arkansas, for instance, is trying to stop its wholesalers from shipping liquor into dry Oklahoma. (Oklahoma's bootleggers, capitalizing on this, have boosted their prices 50¢ a bottle on the pretext that their sources are drying up.)

Distillers, as well as wholesalers, are coming in for their share of criticism on the bootlegging count. North Carolina officials hold the distillers responsible for not stopping their wholesalers in the District of Columbia and Illinois from shipping into North Carolina's dry counties. Unless the distillers take steps, warns the North Carolina liquor control board, the state may vote dry in 1951.

This warning highlights other criticism about the distillers, on whom some observers put part of the blame for the current hugger-mugger tactics in the trade. The big distillers, they say, pressure the wholesalers into moving their brands of liquor by threatening to pull the franchise. And the retailer only makes things worse by ordering cautiously and letting the wholesaler carry the inventory.

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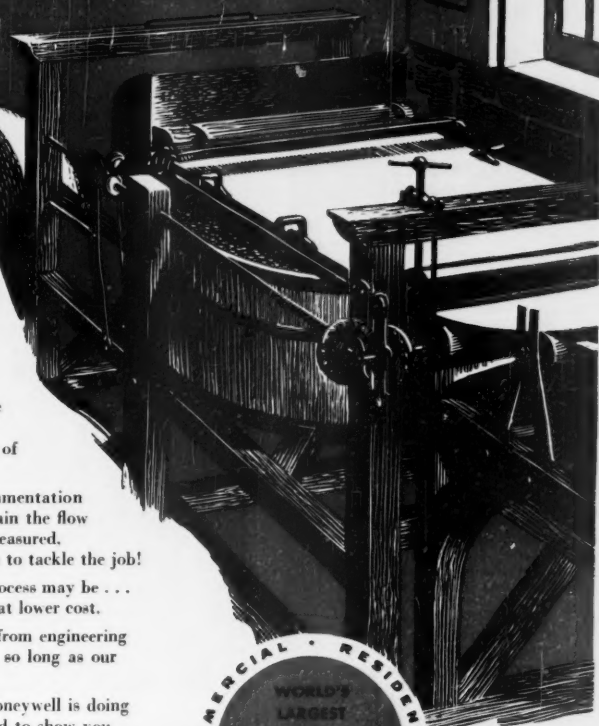
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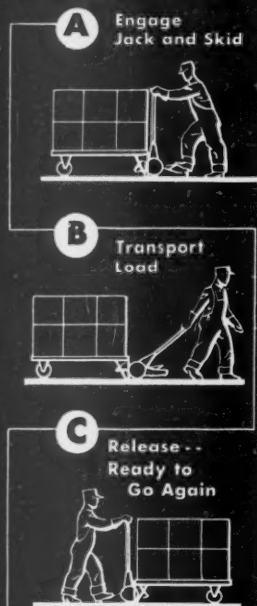


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ELYRIA, OHIO

Ford Restores Cut

Dealers, upset when company sliced discounts last year, welcome return to full 25%. Reason: Tough selling ahead.

Ford dealers breathed a sigh of relief last week. The trade discounts allowed them by the Ford Motor Co. are back up to the customary 25% of the retail selling price, starting with the 1950 models announced last week end.

● **Dealers Worried**—Ford's move satisfied a worried dealer body which has objected strenuously to any changes in long-established ratios.

Ford cut dealer discounts to 23% when the 1949 models were introduced in mid-1948. Then last April, the company returned half of the cut to the dealers, making the discount 24%. Now, dealers have the whole 25%.

When Ford cut discounts last year, it made it plain that the move was temporary. Ford's reason for the cut: Costs were still rising, and the company felt the dealers should share part of the added burden, without passing it all on to the customer. Ford realized, however, that the original discount was probably justified and even necessary for successful dealer operation—hence the

two-step restoration this spring and now. ● **Over-Allowances**—Automobile dealer discounts, in general, shook down to about the 25% level in the thirties. Long-term studies of dealer mortality and success—as related to the discount structure—accounted for this general decision in the trade. It took account of the traditional bugaboo of auto selling—over-allowances on used cars—and the other more general costs of doing business.

One reason Ford felt it could readily cut the discount last year was that dealers were making money from used-car operations, not losing as they did traditionally. Restoration of one percentage point of the discount last April was taken to mean (as was actually the case) that used-car profits were falling off. The return of the other percentage point at this time may simply demonstrate that auto-selling is getting back toward the normal pattern, over-allowances and all.

You can see the importance of those two percentage points from a recent speech made by J. R. Davis, Ford's vice president in charge of sales. He reported that the average dealer in the thirties netted about 3% on his dollar turnover. In a normal market, taking away 2% of his sales dollar would in effect wipe out most of his profit.

● **25% is Par**—In any event, no company strays far from the 25% figure;



Arms and the Man and the Times

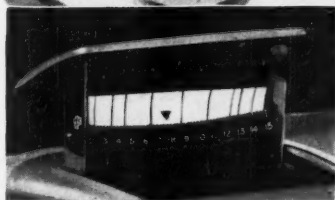
Accessories—the gaudy baubles women wear to "set off" costumes—sometimes get second-fiddle attention when worn with some startlingly lovely (or just startling) new gown. To play up their importance in the fashion and commercial scheme of things, the New York Times devised this unique method of display at its recent fashion show. A few alluring bits of its models' anatomies stick

out through a velvet curtain. On them, the Times piled ankle bracelets of rhinestone sapphires, chandelier rhinestone earrings, strand upon strand of pearls. Object of the 14-scene show (which played exclusively to trade audiences): to promote the Times as a leader in the field of fashion and to dramatize the unquestioned importance of New York City's biggest single industry.

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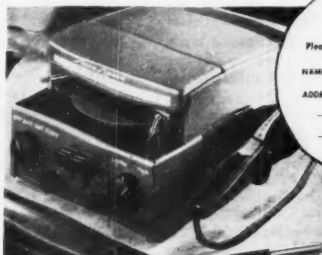
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IN EIGHT MIDWEST STATES

Packaged Food	MONTHLY EXPENDITURE PER FARM FAMILY	MONTHLY EXPENDITURE PER CITY FAMILY	MONTHLY EXPENDITURE FOR 1,370,018 FARM FAMILIES	MONTHLY EXPENDITURE FOR 2,844,253 CITY FAMILIES
1. Family Flour	\$1,096	\$0,714	\$1,507,197	\$441,750
2. Pancake Flour	0.087	0.041	112,391	84,634
3. Specialty Flour	0.040	0.014	54,825	28,900
4. Cocoa	0.057	0.035	78,125	72,249
5. Chocolate Syrup	0.046	0.024	63,048	49,542
6. Syrup	0.581	0.142	796,329	293,124
7. Molasses & Sorghum	0.058	0.015	79,496	30,964
8. Cake Trimmings, Frostings	0.014	0.007	19,189	14,450
9. Baking Powder	0.040	0.014	54,825	28,900
10. Baking Soda	0.016	0.009	21,930	18,578
11. Yeast	0.092	0.009	126,097	18,578
12. Corn Starch	0.019	0.008	26,042	16,514
13. Peas	0.029	0.013	39,748	26,835
14. Rice	0.054	0.035	74,013	72,249
15. Cereals, To Be Cooked	0.234	0.105	320,725	216,747
16. Cereals, Ready-To-Serve	0.724	0.357	992,327	736,938

Note: In both foods the same farm buying leadership applies to Frozen Fruit, Condensed Milk, and Honey.
Source: Red and Green Dollar Food Study, Midwest Farm Paper Unit, Inc. 1940 Census. Free copy on request.

MIDWEST UNIT

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Tribune

higher-priced cars carry slightly longer discounts. Trucks, whose selling costs are apt to be substantial, are also likely to carry higher discounts.

Both manufacturer and dealer have come to accept the present discount structure as fairly well fixed. Chrysler Corp. dealers, however, would like to see higher discounts on their Plymouths; these at 22% and 23%, are the lowest in the industry. But the dealers have a hard time answering factory arguments that their other cars—Chryslers, DeSotos, or Dodges—carry broader discounts and so balance out the tight Plymouth ratios.

MARKETING BRIEFS

Bottled gas appliances have taken one-third of the farm and small town market away from electric appliances, says L. Rushton, manager of Frigidaire's major dealer division. So National Electrical Manufacturers Assn. is pushing a "Go All-Electric" campaign.

Margarine producers plan to use their recent victory in the Ohio election (500,000-vote margin for legalizing yellow spread) as another lever to get repeal of the federal tax on yellow oleo next January.

Newest "of-the-month" club: The International Gift of the Month Club, which sends members monthly gifts mailed from different foreign countries.

The Food Law Institute was formed last week. It's a nonprofit corporation established to develop basic information on the laws governing production and distribution of food. Various university law schools will conduct research.

On the Merchants Limited or the Yankee Clipper, two New Haven R.R. trains plying between New York and Boston, you can now make hotel reservations en route. Service will be handled by hostess telephone attendants located in the club cars of both trains.

Sales potentials are hard to figure, especially for still-unbuilt shopping centers in growing residential areas. So the Urban Land Institute has issued a bulletin entitled "Market Analysis of Shopping Centers," analyzing methods that can be used.

School products are selected: by teachers (supplies and equipment), by school custodians (maintenance supplies), by superintendents (buses), by architects (building materials). That's according to a survey by American School Publishing Corp.

The Greeks had words for it ...

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(DEMOS, people)

(KRATOS, rule)

Democracy means: the people rule

Here in the United States, the people rule. And our *people-rule system* gets results: With only about 7% of the earth's population, we produce close to 33% of its goods and services. We have the highest standard of living the world has ever known.

To find the reason for our success, recall that every individual in our country influences the production and marketing of goods. He may be a worker, with tools; an investor, with money; or a manager, with ideas.

Whatever he is, each man makes his contribution as a matter of individual choice. He and millions of others like him, working as a team under a system of free business activity, has the power to control his own destiny—something that is impossible in countries where the people do not rule.

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This triple-action Burroughs slashes accounting time and cost

Because it's the only typewriter-accounting machine that computes by direct mechanical multiplication (not repeated addition)—this Burroughs really slashes the time and cost of handling accounting work!

On payroll, for example, employee earnings are calculated . . . employee statement and check written . . . employee ledger and payroll register posted—*all in one fast, simple operation!*

On billing, invoices are completely written and calculated in less time than it would ordinarily take just to copy them!

A Burroughs helps the operator to do more work in less time, with less effort. The machine

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This Burroughs is just one of a family of typewriter-accounting machines adaptable to full-time work on one job or part-time work on many. Find out how much they can do for you in saving time, cutting costs, increasing job satisfaction—and in getting you the figure facts you need, when you need them. Your local Burroughs man is equipped to get right down to cases . . . to work with your people and your methods, now. Call him today, or fill in and mail the convenient coupon.



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This Burroughs typewriter-accounting machine is fully equipped to handle general accounting or combinations of records in one operation. It is also furnished in models with special features for payroll, accounts receivable, stock control and other specialized applications.

STATISTICAL INFORMATION ALWAYS AVAILABLE!

With this Burroughs typewriter-accounting machine, twenty distribution totals can be obtained as a by-product of posting ledger, statement and journal or other combinations of related records. For distribution purposes, up to 42 totals are possible.





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Cost of Any One or All of These Operations**

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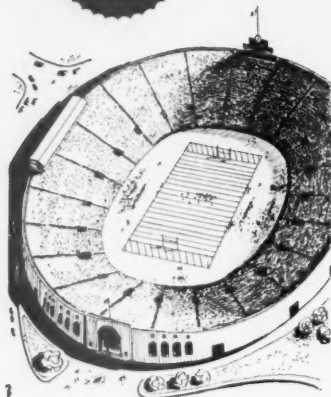
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PRODUCTION



AT HOME BASE, truck delivers Mobilhome. It's ready to live in, except for gas and water.

Houses: Factory-Finished

Mobilhome builds—and licenses other manufacturers to build—complete houses on assembly line, delivers them by truck to home site. Company looks for 150 licensed factories by 1951.

Prefabricated houses—the kind that you buy knocked down, set up piece by piece on your home site—are an old story. Mobilhome Corp. of America goes the conventional prefab one better. It builds the whole house on an assembly line, delivers it, all set up, to your front door—or, at any rate, where your front door is going to be.

Hugh Curran, president and founder of Mobilhome, predicted last week that there would be 150 house factories turning out complete homes by the end of next year. Mobilhome builds the houses itself in its plant at Bakersfield, Calif. It also licenses the idea and techniques to other builders, for a fixed fee and a small percentage of the house's selling price.

• **Delivery, Two Weeks**—Curran says he can deliver a house, ready for occupancy, two weeks after he gets the order. By "ready for occupancy," Curran means complete with hooked-up heating plant, plumbing, kitchen equipment, lighting fixtures, bathroom and tiling, and hardwood floors. A subcontractor pours the foundation. When the house is ready, it goes by truck to the site.

Houses are being built at the rate of one a day.

• **Prices**—Prices currently range from \$4,700 for the one-bedroom home to \$8,550 for the largest three-bedroom models—26 ft. wide by 48 ft. long. The

price includes foundations, sidewalks, and delivery within a ten-mile radius. It doesn't include land. The houses are not carbon copies: There are five basic models, with a variety of exterior designs for each.

A buyer picks his model, makes a down payment, and construction begins. The down payment covers much of the cost of materials used at the outset, so the plant doesn't need big capital. Because materials are delivered direct by local supply firms as needed, there's no call for stockpiling.

• **Indoors First**—A new home begins to take shape on a 600-ft. assembly line. Half of the line is under a huge, shed-like building. Ten houses move along the line at a time. The new buyer's house begins at the indoor end.

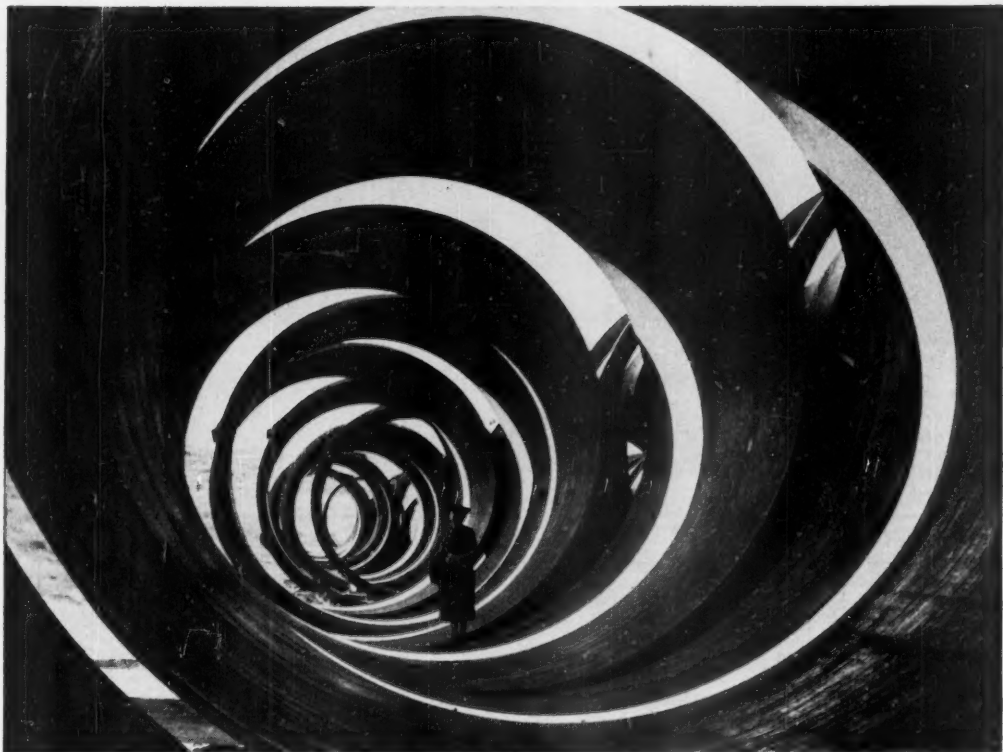
Across two parallel steel beams are laid 2-in. x 12-in. floor joists, 16 in. apart. Like all other materials, the joists are precut by power saws alongside the line.

Cabinet work is assembled beforehand. Plumbing, too, is jointed as much as possible before it is put in.

As soon as the joists are moved in and the central plumbing core is installed, experts at the job lay oak flooring. The floor covers the area of the entire house and is steel reinforced to stand the strain of delivery.

Then a sanding machine moves over the floor, and a heavy protective paper is spread over the surface. The house

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Steel pipe ready for installation at Grand Coulee Dam, Washington.

PAUL Bunyan's eyes would have popped with amazement if he could have seen the way puny modern man is handling water. Skyscraping walls of concrete and steel are flung across valleys to make crystal lakes... rivers of water are siphoned over mountains in pipes of steel.

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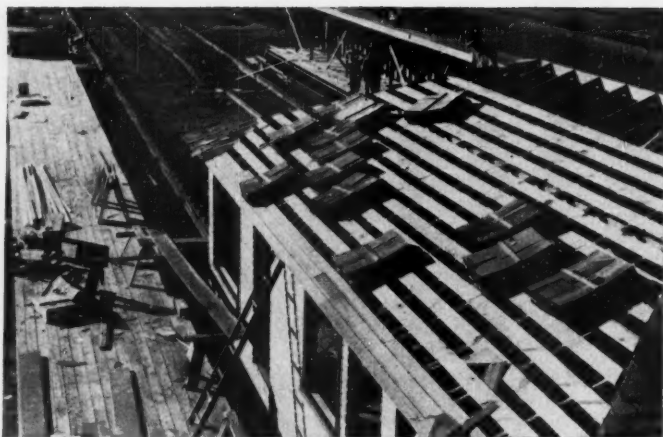
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ON ASSEMBLY LINE: With basic framing up, house is ready for its roof. After this . . .



SIDING goes on. While outdoors, interior work like tiling is completed.

begins its trip down the assembly line.
• **Moving Out**—Rain or shine, the work goes on. By the time the house emerges from the shelter of the shed, it has its own heating plant installed—and the heating plant is already working. Gas is fed into the house through a long flexible hose, so the men can work in comfort.

There's no waste of motion or materials. Even when the men come outside for a cigarette, they can do some boning up for the job—by studying on a big outdoor blackboard the details of the house they are building.

• **Homeward Bound**—At the outdoor end of the assembly line, a truck-drawn moving rig goes under the house, and it begins the trip to its home lot. Curran says he has had no trouble getting moving permits.

At the site, the house moves over a temporary ramp to straddle the concrete. Then it's lowered and anchored to its foundation. Bottom siding is put on, the gas and water lines are connected and tested, electricity is turned on—and the subcontractor starts pouring the front sidewalk.

Mobilhomes have traveled from the Bakersfield plant over bumpy roads—and even over plowed fields—without damage. A rancher had three delivered 200 miles.

Mobilhome is a straight union operation, from top to bottom. In every place where a factory is set up, the Mobilhome licensee negotiates directly with the local A.F.L. Building Trades Council.

• **Plant Requirements**—Curran thinks a delivered-home plant probably can op-

DOING IT THE HARD WAY



* HE COULD HAVE
TELEGRAPHED THIS



TELEGRAMS MEAN BUSINESS

Do it the easy way . . . with telegrams! A Western Union Telegram saves time—for everybody. It gets to the point—gives time to think—yet suggests urgency. It cuts down errors—provides a written record. Increases efficiency all around. Economical, too. Nothing else gets through—gets action—like a Western Union Telegram.

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P-A-X is an automatic telephone system that has only one job in your organization: to provide inside telephone service. P-A-X telephones are placed where they're needed for inside calls; they're always available for these calls; they give service in seconds, anywhere in your organization. P-A-X is *your* property—entirely separate from the public telephone system.

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AUTOMATIC ELECTRIC



erate in any city if as many as 125 to 150 can be sold a year. Plants can be set up wherever streets or sideroads will clear the largest finished houses (26 ft. wide, 18 ft. vertical clearance).

Curran figures that about \$100,000 in local capital is enough to set up a new plant and begin operations. Some plants, he says, have started on less.

● **Licenses**—Plants now are operating, under franchises from Mobilhome, in Milwaukee, Wis., Topeka, Kan., Wichita Falls and Amarillo, Tex., Albuquerque, N. Mex., Tucson and Phoenix, Ariz., Reno and Las Vegas, Nev., and these California cities: Los Angeles, Fresno, Salinas, San Diego, Sacramento, San Jose, Palo Alto, Stockton, Oxnard, Bakersfield, and the Marysville area.

For use of the company's patents, trade secrets, trademark, and continuing operational help, the organizers of a new plant pay a flat fee for the franchise plus 1% of their gross sales.

Curran reports also that The Quirk Co., in Milwaukee, the first to open Mobilhome operations in the Midwest, is nearing the point where it will produce two homes a day instead of one. Quirk, one of the largest builders in the Midwest, sold 50 houses the first day; on the basis of that record, it decided to expand. Instead of having only half the assembly line under roof, as in California, Quirk is putting the entire line under shelter, so work can go on right through the winter.

PRODUCTION BRIEFS

A TV set every 2½ minutes: That's Admiral Corp.'s production rate for 35-lb. consoles with the addition of a second huge molding press at its Chicago plant. The new one (built by Hydraulic Press Mfg. Co.) has a push 1,000 tons greater than the original 2,000-ton machine (BW—May 14 '49, p.78).

A new two-use chemical has been developed by Distillation Products, Inc. Myverol (a monoglyceride) produces finer textured cake, prevents the separation of oil and water in cosmetics. And it has no odor, color, or flavor.

Acetylene chemistry—pioneered by the Germans—has its first comprehensive treatment here in a new book, *Acetylene and Carbon Monoxide Chemistry*. Authors: John W. Copenhaver, of M. W. Kellogg Co., and Maurice H. Bigelow of Libbey-Owens-Ford's Plaskon division. Publisher: Reinhold Publishing Co. (\$10).

All Eastman movie film will be made from safety-base acetate by 1951. Conventional nitrate is inflammable; acetate

THE WORLD'S GREATEST HOTEL

Waldorf-Astoria



*I*t is with great pride that all associated with acquisition of the controlling interest in The Waldorf-Astoria announce that: The Waldorf-Astoria, long a symbol of hotel leadership, will faithfully retain the character and individuality which have made it internationally famous. The legion of friends of this world-renowned hotel will find its rich traditions staunchly upheld and the high standards of service zealously maintained.

THE WALDORF-ASTORIA

New York

C. N. HILTON, PRESIDENT



How to put more pep in your business!

No, it's not because the boss has his eye on them that the employees in one cartoon are as busy as bees, while in the other they've slowed down to a crawl. With one important exception, everything is the same. What makes the difference? Carrier Air Conditioning has been added!

Of course, its effect is somewhat exaggerated here, but not nearly so much as you may think. Leader and pioneer in the field, Carrier has made thousands of installations in factories, offices, stores and restaurants. Wherever it's been tried, it has been found a profitable investment. It increases production or sales, lowers absenteeism and employee turnover and reduces spoilage and rejects. Equally important, employees are heartily in favor of it.

No two air conditioning problems are exactly alike. Carrier, with a world-wide background of service to hundreds of different industries, has the know-how to prescribe and install the most efficient, most economical system for your needs. Let a Carrier representative, listed in the Classified Telephone Directory, show you the profit-making possibilities of air conditioning for your business. Carrier Corporation, Syracuse, New York.



AIR CONDITIONING • REFRIGERATION

isn't, so doesn't require special handling in manufacture or use. All other Eastman film is already made from acetate.

Ferro Engineering Co. last week elected Courtney Burton to its board of directors. Burton is vice-president of Oglebay, Norton & Co., as well as director of several coal-mining outfits and the National Bank of West Virginia.

Englander Co. (bed springs) will add 16 new plants to the 11 it now operates. Five of them will be ready in six months. Akron will get the first one.



To Stop Freight Damage

Adjustable steel gates that fit inside a boxcar are under test by Stokely-Van Camp, Inc., a big shipper. Railroads are interested observers. The gates are designed to cut down damage claims; they are the brainchild of a Stokely-Van Camp vice-president, B. M. Angell.

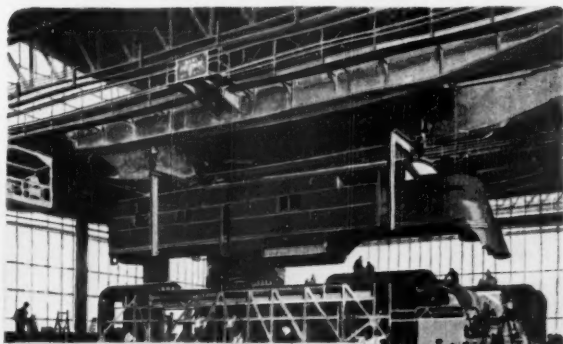
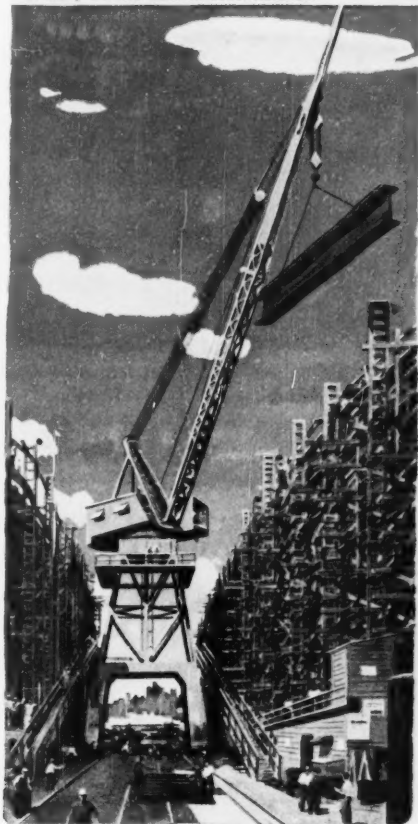
The steel gates can be placed anywhere in the car, rolling on tracks set in the tops of the car sidewalls. After they are in position, the gates lock in place with teeth that clamp into the floor, roof, and sides of the car. The teeth can be retracted to move the gates. Installation in an existing car costs about \$300, according to Angell. But he thinks the cost should drop to about \$150 if the gates are installed when the car is built.

Angell says the gates will not only cut freight damage, but will also speed service on l.-c.-l. shipments intended for different destinations. He also thinks they can be used in moving vans, cattle trucks, refrigerator cars, and cattle cars.

No matter what you make

Tankers...

Back and forth, up and down, 'round and 'round, every motion of this giant shipyard crane must be under precise and dependable control. The safety and efficiency of many workers insist on Cutler-Hammer.



Trains...

Builders of railroad equipment have a natural respect for durability and precision. And they prove it in buying for their needs. Typical is this modern overhead crane fully equipped with Cutler-Hammer control.



Or Toys...

The investment many plants make in small motor-driven machines is amazing. So is the payroll of the people who run them. Where wasted time is so obviously costly, Cutler-Hammer control is top insurance.

Manufacturing *anything* today is a problem in teamwork... teamwork between men, motors, and machines. Men are employed for their intelligence. Machines provide the facility for applying judgment and skill. Electric motors supply the brute force. And motor control is the connecting link that permits all these elements to work together as one.

Here is the reason experienced engineers and production men grant motor control an importance far greater than either its relative physical size or cost might suggest to the casual observer. It is not only a vital

Cutler-Hammer general purpose motor control is recommended by a majority of all electric motor manufacturers, is featured as standard equipment by machinery builders, is carried in stock by recognized electrical wholesalers everywhere.



factor in the efficient use of men, motors, and machines but the ever-watchful guardian of their safety. Its easily reached push buttons or automatic functions avoid both wasted steps and possible hazards. Its overload devices protect equipment from damage; production schedules from those intolerably costly interruptions.

No matter what you make, you too will find it pays to insist on Cutler-Hammer Motor Control for *dependable* performance. CUTLER-HAMMER, Inc., 1275 St. Paul Ave., Milwaukee 1, Wis. Associate: Canadian Cutler-Hammer, Ltd., Toronto.

Now planes drink 3 times faster through this collapsible rubber "straw"



The terrific thirst of a modern plane sets up a real problem for airline operators. Fueling these gas-gulping giants at the average 70-gallon-per-minute rate has always taken too much time. That costs airlines dollars, for time spent sitting on the ground is lost time as far as revenue is concerned.

To speed up refueling, the obvious answer was to increase the flow of gasoline between the pump and the plane. But any more pressure in the line would cause heavy impacts that might wreck wing tanks, tear fittings loose, cause dangerous spillage of volatile gasoline. Another alternative would be to use a hose larger than the standard 1½" diameter. But a bigger hose of conventional construction would be too bulky and heavy to maneuver up ladders and over slippery wing surfaces.

Solution to the problem developed by a leading pump maker was built around a new large-volume, low-pressure pumping system which can be used in trucks, underground or with hydrants. It called for an entirely new-type hose—soft,

lightweight, super-strong and collapsible for easy handling and reeling.

The manufacturer of the system turned to the G. T. M.—Goodyear Technical Man—for a hose that would meet these difficult specifications—and Goodyear came up with the answer.

Called "COLLAPS-A-HOSE," this super-straw for airplanes delivers over 200 gallons per minute—*three times the previous rate*. It operates at extremely low pressures, avoiding the hazards of high-velocity flow, heavy impacts and hydraulic stresses. As soon as pumping is completed, this 2½" hose collapses—adding safety because it is empty of gasoline when handled. Its lightness lets one man handle it easily. For more than a year, air forces, navy and civilian aircraft have been "drinking hearty" in only one-third the time.

Whenever you have a need for rubber—in the form of hose, belting, molded or extruded parts—it will pay you to bring your production problems to the G.T.M. first. Write him c/o Goodyear, Akron 16, Ohio.

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for quicker fueling

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"COLLAPS-A-HOSE"—T. M. The Wayne Pump Company

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DETROIT 2, MICHIGAN

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J. A. Murray
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Harold Hoppens
Coating Resins



D. B. Hatcher
Industrial Chemicals

IDEAS

IDEAS FROM COMBINATIONS OF RESEARCH GROUPS



Operating Committee: Each research group contributes one member. The committee meets once a week, discusses ideas, recommends followups.



Research Director: M. H. Bigelow serves with the committee as its liaison with management.

Decentralized research set-up provides flexibility in study of new ideas, opens new markets. This week it produced

1. A new alkyd molding compound tailored for high-strength industrial jobs
2. A low-cost treating compound for the paper industry
3. Several special-purpose urea molding compounds, with improved properties
4. Two industrial glues developed for furniture and plywood makers
5. A phenolic binder for simplifying manufacture of abrasive sheets
6. Group of silane compounds that manufacturers can process into silicone products

Six New Chemicals Sparked by Research

Next week Plaskon Division of Libbey-Owens-Ford Glass Co. will announce six new products at once. The developments are aimed at various industrial fields; their only similarity is that they are all chemical derivatives.

• **On the Slate**—The products include an alkyd molding resin, a paper-treating agent, a urea molding compound, two glues, a phenolic binder, and intermediate chemicals (silanes) for the manufacture of silicones. They will carry the L.-O.-F. label into plants of

electrical manufacturers, mechanical-goods makers, paper manufacturers, producers of abrasive sheet, plywood and furniture manufacturers, and companies planning to produce silicone products.

Here's a detailed look at the Plaskon entries:

Alkyd molding resin. Just a year ago, Plaskon hit the plastics-molding field with an unusual thermosetting material, an alkyd molding compound (BW-Sep.25'48,p83). Thermosets cure under

heat and pressure to an infusible state. But the conventional thermosetting materials, phenolics or ureas, require a long molding cycle and heavy presses.

Not so with the alkyls. They work faster, use lighter pressures. They are adaptable to high production and can be hopper-fed into a press. (The press itself need be powered by nothing more than an hydraulic or air cylinder in a lightweight frame.)

The alkyls are a plastic family by themselves. Plaskon's new material,

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Products:

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AW Super-Diamond Floor Plate. Billets.
Plates. Sheets (Alloy and Special grades).

Alkyd 411, is the second member of the household. (More are on the way.) It is unique in that it is supplied to molders, as a putty, instead of as a conventional powder. Specially tailored for use on electrical parts, such as condensers, resistors, and capacitors, it can be molded around a delicate electrical assembly that might be crushed by high molding pressures. (Alkyd 411 needs pressures of only 50 p.s.i. for molding.) Its putty form allows the molder to squeeze the plastic out into thin strips. These strips can be cut up into small pieces to charge the mold. The molder can assemble the product before pressing by shaping the strips around the electrical components of the part.

Paper-treating resin. Technically, this resin is an aminoplast (a nitrogen compound related to urea and melamine). Its prime purpose is to strengthen paper so the stock won't tear when wet. It is used in paper draperies, diapers, kraft bags, butcher papers, toweling. Compared with urea-base agents, the aminoplast costs more, but provides twice the wet-strength. Compared with melamine agents, the company says, the aminoplast supplies equivalent wet-strength, with appreciable cost savings.

Urea molding compounds. Plaskon's new urea-formaldehyde compounds are high-luster materials for housings and display packages. They cure faster than previous compounds and flow better in the mold. Compounded as a coating, the ureas can be used on furniture and in household appliances. They will also work on electrical parts.

Two glues. One newcomer is a liquid urea-base product developed for the plywood industry. The other is a liquid phenolic glue for wood assemblies; it produces bonds that will withstand boiling. The glues help round out the company's line of industrial adhesives.

Abrasive binder. This phenolic resin offers production advantages to manufacturers of abrasive sheets. The resin cures faster than previous binders. And it doesn't have to be hung up a long time to dry. That means a time and space saving for manufacturers of sandpaper. Further, the compound has been designed to give high adhesion and flexibility. Plaskon says the binder will withstand high temperatures and considerable flexing without cracking.

Silanes. These are chemical intermediates used in the manufacture of silicone products, such as silicone rubber, coatings, and resins. Four compounds are now in pilot production and will be available to manufacturers for further processing.

Group-Committee System—Behind this slate of new products lies a unique

research setup. On the organization chart, it is bossed by Maurice H. Bigelow, Plaskon's technical director. But Bigelow disclaims any bossing; he says he merely guides.

Bigelow has split up his staff into five groups, each headed by a group leader. The groups cover the basic fields in which Plaskon is interested. Over-all control is vested in a research operating committee made up of the five group leaders and others. This committee is actually Plaskon's director of research.

• **Weekly Sessions**—Each Monday morning the committee meets under the chairmanship of one of the group leaders. It stays in session two hours—no longer. During that time the committee: (1) evaluates current projects; (2) decides priority of projects in the light of the current market; (3) schedules next week's jobs on the basis of last week's results (this may involve lend-leasing personnel between groups); (4) talks over the current market for chemicals; and (5) considers personnel problems.

Bigelow is, ex-officio, a member of the committee. But he says he sits in only to offer his opinions. He tries to guide the thinking of the committee on the basis of his long experience in the plastics field. And he serves as the liaison with management.

The basic diet of the committee is ideas. These can come from anyone in the laboratory. Jotted down and witnessed on a special form developed by Plaskon, the ideas are considered and fought over by the committee. If one is accepted, it is assigned to a particular expert or group for study and report. The expert sometimes turns out not to be the man who submitted the idea.

• **Advantages**—In the decentralized committee, Plaskon has a source of new-product ideas that will keep the company busy for years. And the setup, Bigelow says, has marked advantages:

• It makes every key man a director of research, keeps the individual technicians interested in over-all progress of the company.

• It releases a flood of ideas. In some organizations, employees get discouraged about making suggestions because one man often kills an idea when it doesn't meet his preconceived opinions.

• It broadens the abilities of the staff. Personnel get an understanding of other group problems; they often get shifted into these groups to learn the trade. Such shifting, incidentally, is done by the committee, and everyone knows why the shift is made. In a period of time, Bigelow says, every man on his staff will have worked in every department.

• It speeds up product development. The committee can move in fast on a rush problem and can cut corners, if necessary, to get a product out. For

Things to think about when selecting Unit Heaters

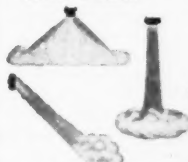


DISCHARGE AIR TEMPERATURE*

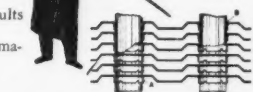
Teeter-totter temperatures are out of the question in buildings heated by Modine Unit Heaters. Modine's *right* combination of correct outlet temperature and sufficient air velocity heats all parts of a room uniformly, even in coldest weather.



Modine's wide line gives you the right unit for your needs: 1) Horizontal — for general applications. 2) Vertical — for overhead use. 3) Power Throw — for high velocities.



Higher heat transfer results from quality Modine construction which permanently seals flanged collars of fins (A) to tubes (B) by means of metallic bond.



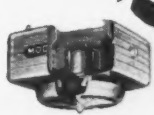
*For maximum comfort and lowest operating cost, temperature of air leaving unit heater should be between 110°-120°F. at standard conditions.

LOWER COSTS



Fuel bills shrink when you heat with Modines. Here's why. Modine Unit Heaters — combining correct outlet temperatures with sufficient air velocity — deliver heat down into comfort zones where it's needed... don't waste it on ceilings or above the heads of room occupants.

Direct-from-pipe suspension is safe and practical with Modine horizontal models. This cuts installation costs... permits easy redirection of heat over a 360° range.



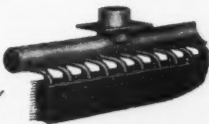
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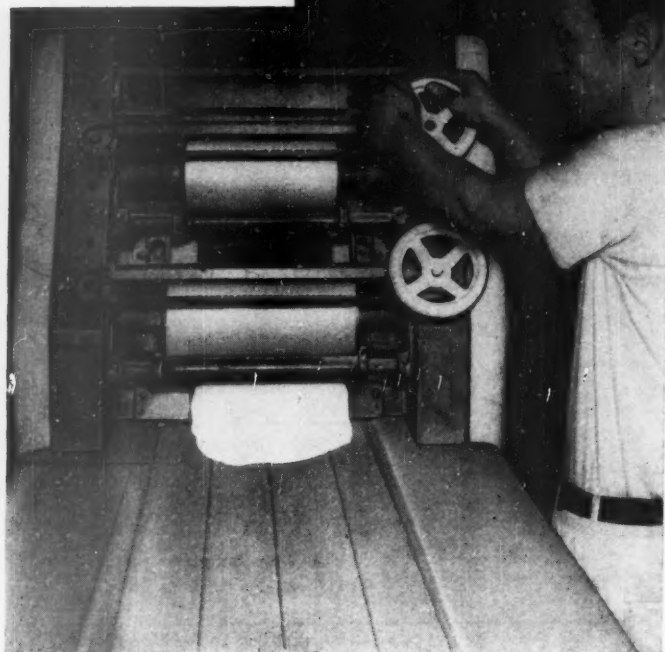
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Yes... look beyond BTUs when buying Unit Heaters. Look to Modine! You can get all the facts by calling your nearest Modine Representative. He's listed in the classified section of your phone book. Or write direct. Modine Mfg. Co., 1508 Dekoven Ave., Racine, Wisconsin.

Ask for the new Modine Unit Heater Bulletin 149A. Also available on special request is the informative booklet — "Here's How to Evaluate Operating Characteristics of Suspended Unit Heaters." Send for them today!



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"TEFLON" ROLLS DOUGH WITHOUT STICKING —SAVES UP TO \$20 A DAY PER MACHINE

Nothing sticks to Du Pont "Teflon" tetrafluoroethylene resin . . . not even sticky dough. That's why bakers use bread sheeting rolls covered with a 1/2-inch layer of "Teflon." Unlike other types, these rolls don't pick up dough—need no flour dusting or scraping. Bakeries save as much as \$20 a day on a single machine by the elimination of dusting flour alone.

In addition, rolls covered with "Teflon" yield a thinner sheet than old-style steel rolls, yet won't tear the dough . . . give a smooth, uniform product.

"Teflon" is used in many operations involving the handling of sticky materials. But this is just one of its many types of uses. It's flexible, durable—the most highly heat-resistant and chemically inert of all commercial thermoplastics. It's supplied as sheets, rods, tubes, tape, and molding powder. Write for more data on "Teflon" and other Du Pont plastics. E. I. du Pont de Nemours & Co. (Inc.), Polychemicals

Dept. (Consolidation of Plastics Dept. and Ammonia Dept.), Plastics Sales Offices: 350 Fifth Ave., New York 1, N. Y.; 7 S. Dearborn St., Chicago, Ill.; 845 E. 60th St., Los Angeles 1, Calif.

*Rolls covered with "Teflon" used on bread moulder-panner manufactured by Stickelber & Sons, Inc., 1150 Southwest Boulevard, Kansas City, Kansas.



example, with the broad knowledge available, Plaskon can occasionally take a gamble and release a product based on a two-months test, rather than on a six-months trial. Quick shifts in research emphasis can also be made easily.

- **It will ultimately save on costs.** In the long run, Bigelow believes the group-committee method will be less expensive than other setups. He feels it has already uncovered a great deal of valuable talent within the organization. And with each project getting regular scrutiny, the cost of research is kept under tight control.

- **Free Hand**—Bigelow likes the setup for another reason: It frees him from detail work, gives him more time to sell his research department and its potential products to the company management. As technical director, Bigelow also has charge of technical service, a department that helps customers solve specific problems. He now has more time to spend on keeping customers content. (He also plans a reorganization in technical service based on the same principles he uses in research.)

One of the over-all advantages of the group-committee system has been a closer cooperation between research and management. With research set more firmly in the corporate picture, Bigelow is able to get the equipment and manpower he needs. For example, he has put in, with management's blessing, a new equipment-and-supply department manned by experts on instruments, glass, and machine tools. The department services the research groups so that high-priced chemists needn't waste time trying to do mechanical jobs.

- **Close Ties**—The tie-in with management also helps research keep in close touch with the company's sales problems. When Plaskon's board of strategy discusses a new phase of business, Bigelow sits in to offer his ideas. Then he carries management's suggestions to the research groups for action. He later reports back his committee's findings on the time needed to develop the product, probable cost, and its relation to other products. He sometimes returns with a direct veto on the proposed development.

Other advantages come into the picture, too. For one thing, the new setup has won many new industries as customers for Plaskon. The research men, because they specialize, come to understand the problems of particular industries. They can readily see what new Plaskon products are needed to solve the problems.

- **Deliberate Process**—Plaskon's research organization didn't come about overnight. It began in 1943 when Plaskon, a producer of urea-formaldehyde plastic, was taken over by Libbey-Owens-Ford. L-O-F. immediately began pouring money into research. In 1947, W. W.

Knight, Jr., took over as head of the Plaskon Division. At the time the company was in the middle of a \$10-million expansion program.

Knight's main idea has been a double-pronged one: Do more research, but also broaden the scope of the research. The result is a gradual diversification of Plaskon into plastics, resins, and industrial chemicals.

PORTABLE DRAFTING BOARD

A lightweight structural material developed during the war is turning up as a drafting board. The material, called honeycomb laminate, has a core of paper glued in honeycomb fashion; outer layers are plywood. It has both high strength and stiffness. And, because it's light, it makes a drafting board that is easy to handle and tote around. The board is bonded with waterproof glue, sealed with a waterproofing agent that prevents warping. A straight-edged gear rack that fits along each side eliminates the conventional T-square.

The board, called Featherweight, comes in sizes from 12 x 17 in. to 31 x 42 in. The maker is Cal-Pan Corp., 1111 S. Fremont Ave., Alhambra, Calif.

LIGHTWEIGHT LADDER

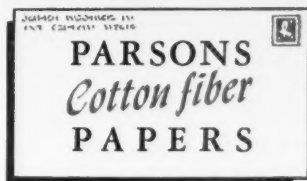
Aluminum ladders are light and strong, but they conduct electricity. Wooden ladders are nonconducting, but they are heavy. So Allied Building Products, Inc., 287 Marshall St., Paterson, N. J., has combined the features of both materials in its new ladder: Wood-Lume. Side rails are spruce; aluminum rungs are recessed in the rails, secured with locking pins. Result is a safe, lightweight ladder that comes in 10-ft. to 22-ft. lengths, single, or in 20-ft. to 44-ft. extension sizes.



SMALL BATTERIES are needed for small hearing aids. Olin Industries, Inc., thinks its new 15-volt B-battery is the smallest in commercial production. It's $\frac{1}{2}$ in. x $\frac{1}{2}$ in. x 1 in., is snapped together from cells a little larger than aspirin tablets.



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Experience proves that the **higher the quality** of the material that goes out in the mail, the **more favorable** are the reactions to the mailing.

This is especially true of letters to important people. They know the difference between cheap and quality stationery. They recognize, and react favorably toward a fine letterhead.

Here's a fact you can't get away from: fine stationery must be on paper made

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There's nothing finer than Parsons leading stationery papers, all of 100% **new** cotton fibers: Old Hampden Bond, Parsons Bond and L'Envoi. Ask for samples when next you buy stationery, and see the difference for yourself.

Remember these five points of superiority: Parsons cotton fiber papers last longer, wear better, have superior writing and erasing qualities, outstanding appearance and the look and feel of **quality** that reflects **prestige** on you and your organization. Parsons Paper Company, Holyoke, Massachusetts.



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Tough luck for the person-in-charge-of-records who didn't know these facts:

Ordinary wooden or metal files can't be trusted to protect any vital records against fire. Temperatures above 350° F.—common even in a flash fire—cremate papers instantly without exposure to flame . . .



Mosler Insulated Record Containers combine the convenience of a file with the protection of a safe. Available in 2, 3, or 4 drawer heights, letter or legal width—wide variety of finishes.

Suppose your company's records burned!—could you furnish sufficient *proof of loss* to collect on fire insurance? More important, could you duplicate *all* the records your company *must* have to stay in business? **Remember: Some of the most disastrous fires have occurred in fireproof buildings. And 43 out of 100 firms that lose their records in fire, never reopen. So don't gamble with your company's future. . . or your own!**

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NEW PRODUCTS BRIEFS

Vest pocket stapler looks like a fountain pen, holds 100 staples, is 5 in. long, weighs 1½ oz. Stapling head is protected by a chromium-plated metal cap. It costs \$2.95 with 1,000 staples. Maker: Fastener Corp., 860 Fletcher St., Chicago 14.

Electric dishwasher fits on the drain-board and weighs only 25 lb. It doesn't require any fancy plumbing connections. Washing action: two rotating streams of electrically-pumped hot water. Dishes dry themselves. Unit is in white enamel. Maker: Cory Corp., 221 No. LaSalle St., Chicago 1.

Pedal converts hand-operated flushing action in lavatory equipment to foot action and prevents flush valve from sticking. Requires no plumbing changes. Maker: Approved Products Co., 205 E. 42nd St., New York 17.

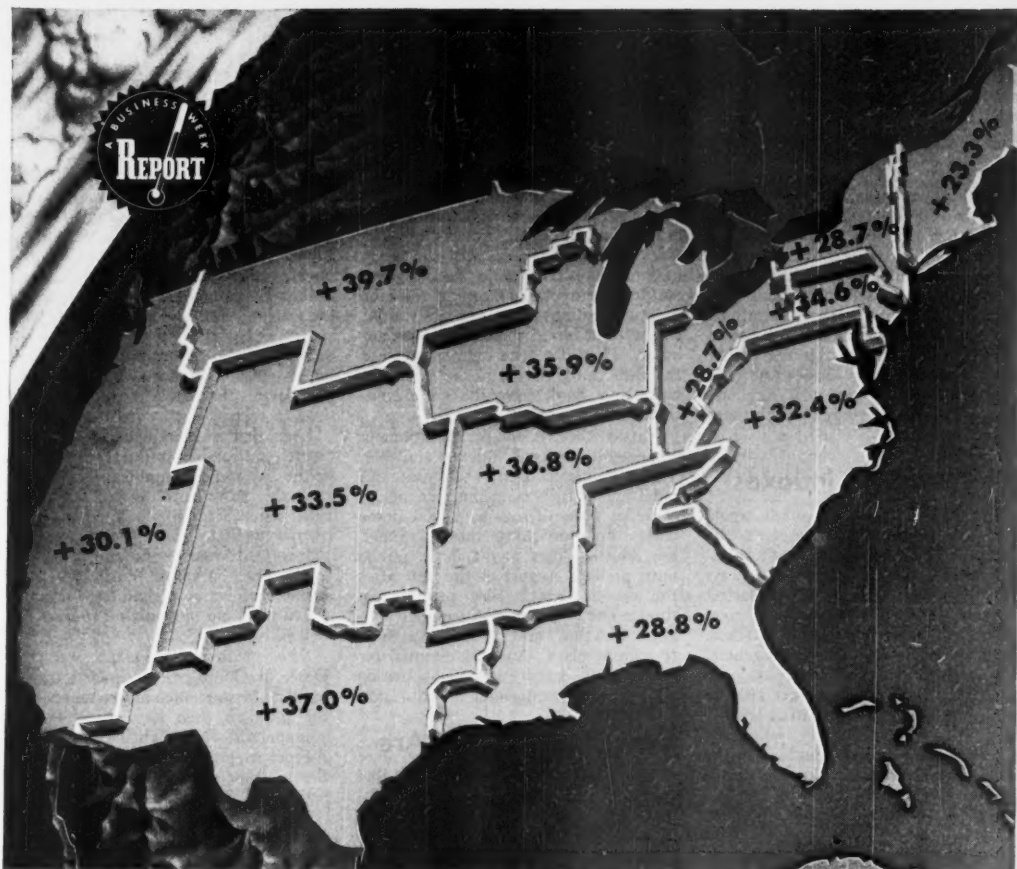
Bronze alloy intended for easy machining has high lead content, no zinc. It permits close-tolerance machining at high speeds without burning or scoring of cutters. The alloy is called Mixture 44, and is available in rod, sheet, strip, or bar form through Riverside Metal Co., Riverside, N. J.

Self-centering gaskets that won't corrode or contaminate are made of Teflon plastic by United States Gasket Co., 602 N. 10th St., Camden, N. J. Their particular field: assembly of conical-ended glass pipe used in processing industries.

Circuit breaker automatically shuts off truck, car, or tractor motor if the vehicle overturns. The unit carries engine current, is placed immediately below the coil. Costs about \$1.50. Distributor is L. & L. Enterprise Co., Taylorville, Ill.

Power garden-cultivator, to sell for less than \$100, is now in production at the Will-Burt Co., Orrville, Ohio. It weighs less than 100 lb. and is of welded steel. Power is furnished by gasoline engine which drives a single wheel through a roller chain.

New adhesive bonds metals, glass, ceramics, plastics, and wood. The thermo-setting compound is called Armstrong's Adhesive A-1. It contains no volatile solvent, so it won't shrink or swell on hardening. No primer is needed, and the adhesive sets with contact pressure. The resulting bond is said to be moisture-resistant. The material is available in pints, quarts, gallons, and 5-gallon lots. Maker is Armstrong Products Co., 470 N. Broadway, Burket, Ind.



POSTWAR SHIFTS in regional income: Increases since January, 1946, as measured by the Business Week Regional Income Indexes, range from 23% in New England to 40% in the Minneapolis region. The national average increase is just under 32%.

AGAIN BUSINESS WEEK REPORTS TO EXECUTIVES ON—

Regional Income Indexes ...Tool for Management

Just nine years ago this week, BUSINESS WEEK introduced to its subscribers a new business tool. It was a group of indexes that measured, monthly, the business potential of the nation's 12 natural business regions.

About a year after this country entered the war, these indexes had to be dropped. It just wasn't possible, statistically, to compute regional indexes that showed what they were supposed to show. The basic components on which they were built became too distorted by

shortages, rationing, price and wage control, heavy taxation, and savings drives. "So," we said on Mar. 6, 1943, "as the American consumer market becomes an artificial market, BUSINESS WEEK discontinues these indexes for the duration of the war."

At the same time, though, we promised that this business tool, which had proved its value to so many, would not be dropped and forgotten. While the war went on—and afterwards—we continued to study the complex problems

of regional measurement. And this week we present—a little proudly, we admit—our postwar series of BUSINESS WEEK Regional Income Indexes. From now on, you will find them once each month in our pages. They usually will appear in the final issue of the month.

Why, you may ask, if the tool is so valuable, did we wait more than four years after the war's end to reintroduce it? There are really two answers:

(1) During 1946 and 1947 it was still too early to tell just how the war

had affected the economies of the various regions; thus, we couldn't tell whether our old indexes would still be valid in the postwar period and, if not, how they should be revised.

(2) In 1947 and 1948, as we began to get our bearings, it became apparent that such indexes, during that period, didn't show much anyway. The influences that were shaping the postwar economy were so strong that they acted pretty much the same everywhere.

But now the postwar economy has shaken down into some semblance of "normalcy." The sellers' markets and other evidences of postwar dislocations have largely disappeared. So it seems that significant differences in movement among the regions are likely to develop again. If they do, our new Regional Income Indexes are ready to catch them for you.

The Need for Indexes

Perhaps the most important single influence on any one business is the course of all business. This isn't an invariable rule, of course; there are always some business failures even in the fattest of boom times. But by and large, good business for the country as a whole means good business for you; a general depression, equally, is bad news.

That's why management men keep an eye on the indexes of industrial production and business activity; why sales executives pay careful attention to the Commerce Dept.'s statistics on national income. These yardsticks of business have long been available on a national basis.

But what about a company that does business only in one local area—a department store, for instance, or a small manufacturer of cement? The trend of business in its area may not be the same at all as the national trend.

And what about the big national companies that sell all over the country? They have good means of keeping track of the course of their over-all businesses as compared with general business. But can they tell how their sales in various local territories stack up?

What's needed in both cases is a reliable measure of what's going on in the various regional markets—which ones are growing or contracting on a long-term basis; which ones are being affected today by factors that might influence the business results that you expect tomorrow. What's needed is a measure of "Where's business?" to go along with the existing measures of "How's business?"

There have always been ways—none of them completely satisfactory—to get around this problem. Some companies compare their regional records with the course of regional department-store sales; others use bank debits. But any

such single series may show just enough error—may be untypical of actual regional trends just often enough—to throw considerable doubt on the entire comparison.

There are also some composite regional indicators available: indexes of production or business activity in a specific area, compiled, perhaps, by the Federal Reserve Bank, or some other large institution, in the area. But each of these indexes is prepared for use specifically in its own area, with the needs of local people in mind, and for the particular purpose of keeping track of the local business trend. For this reason, they cannot be compared one with another. They don't necessarily measure the same thing; they're not on the same base; they don't have the same components.

Finally, there is one set of nationally comparable regional indexes available: The Commerce Dept. compiles and publishes figures on income payments, state by state. These have two drawbacks. For one thing, they're annual. For another, they aren't made public until perhaps August of the year after the one to which they pertain. So they're fine as a check on past performance. But they can't be used as a guide to current plans. And it's essential for business to know what's happening while it's happening—not months later.

What the Indexes Are

Thus, what businessmen need—that none of the available sources supply—are guides that are (1) sufficiently comprehensive to eliminate the errors or biases that are bound to crop up in any single basic indicator; (2) completely comparable, so that it's possible to measure relative regional performance; and (3) reasonably up to date; certainly not six months or a year behind the times.

Comparability is perhaps the most important of the three. A lot of people assume that the regions all move the same, about parallel to the national average. In some years, that happens to be about true. But in others, three or four regions may show markedly better performance than the national average; another three or four, markedly worse.

When this happens, the businessman who assumes that they all move alike will make as many wrong decisions as right ones. The same result is likely if he uses regional indexes that aren't comparable; they may mask real changes in relative regional position, or show changes that actually don't exist.

So the three ideals that BUSINESS WEEK strove for in compiling its regional indexes were comprehensiveness, comparability, and up-to-date-ness.

The last was the easiest. We merely had to be sure that, in selecting component series, we chose only those on

which figures are compiled and released promptly.

To assure comprehensiveness, it was necessary to choose basic components that were representative of all phases of a region's activity. The state of a regional market at any point in time is determined by three separate economic factors: (1) the long-term economic trend of the region; (2) current crop (and weather) conditions; and (3) current industrial conditions. So we had to choose components which, when combined, would adequately cover all three.

But components can't be picked for each region with an eye to that region alone. To insure comparability, it's necessary that the various regional indexes be statistically homogeneous; that, by and large, the same components be used in each.

Even that isn't enough, by itself, to assure comparable indexes. What we had to have, in addition, was some proof that the movement of the index for each region actually presented the true picture for that region. And that meant that we had to have some sort of benchmark—some accurate and accepted measure of regional conditions—against which we could measure our indexes for reliability.

The obvious touchstone was the Dept. of Commerce's annual statistics on state-by-state income payments. So the problem then became to choose components which, when combined in the proper proportions, would measure the movement of income within each region.

There was another reason for choosing income as the thing to be measured. Regional indexes, by their very nature, are useful primarily as a guide to marketing decisions. And the prime determinant of sales is not over-all business activity or total industrial production. It is the total income of the prospective buyers.

Choice of Components

Since we have chosen the Commerce Dept.'s estimates of income as our benchmarks, it would seem that the most logical and direct way to construct regional indexes would be to use the same component series that go into the Commerce estimates. Unfortunately, that just isn't possible. (Or, to put it another way, if that could be done, Commerce would have been doing it itself for years.)

To get its estimates, Commerce uses figures on all types of spendable income. These include: wages and salaries; business profits; farm income; earnings of professionals, such as doctors, lawyers, accountants; royalties; dividends and interest; pension payments.

All of these series can be obtained for individual regions with a fair degree

The Regional Income Indexes, 1946-1949

	Region 1 Boston	Region 2 New York	Region 3 Philadelphia	Region 4 Cleveland	Region 5 Richmond	Region 6 Atlanta	Region 7 Chicago	Region 8 St. Louis	Region 9 Minneapolis	Region 10 Kansas City	Region 11 Dallas	Region 12 San Francisco	Nation
1946													
January.....	146.5	150.8	148.7	152.3	166.2	187.2	157.7	164.8	175.9	187.2	194.4	185.3	163.7
February.....	150.8	155.4	152.9	154.4	173.2	194.6	163.4	171.6	183.2	194.6	201.7	191.2	169.2
March.....	153.3	158.3	162.8	161.2	179.3	199.8	170.2	180.8	192.2	201.3	208.5	199.7	175.4
April.....	157.0	165.8	167.1	165.5	184.2	203.6	174.2	187.7	194.4	205.5	215.4	205.6	180.5
May.....	160.4	169.7	168.1	167.4	184.1	203.8	171.7	186.7	195.4	206.5	217.7	210.0	181.9
June.....	163.3	173.9	168.0	173.1	186.0	210.7	176.5	190.8	196.0	207.4	223.0	213.9	185.7
July.....	165.6	176.0	171.1	177.7	189.2	214.0	179.0	194.3	198.7	209.8	228.3	219.2	188.9
August.....	170.4	180.5	175.7	183.5	195.0	220.1	185.6	201.9	203.1	212.8	232.2	222.7	194.1
September.....	171.9	178.4	176.9	183.8	197.3	220.2	189.2	202.4	205.6	214.6	232.0	223.3	194.9
October.....	172.1	170.2	176.2	181.7	196.4	220.2	190.7	200.6	207.6	217.1	228.3	224.0	193.4
November.....	171.4	168.6	175.7	181.9	195.4	220.9	192.0	198.6	210.2	218.6	228.3	223.2	193.2
December.....	171.4	171.3	176.9	183.6	194.4	221.9	192.6	199.2	211.3	221.8	228.1	223.0	194.2
Annual Average.....	162.8	168.2	168.4	172.2	186.7	209.7	178.6	190.0	197.9	208.1	219.8	211.8	184.6
1947													
January.....	173.6	178.6	181.8	187.4	198.5	225.0	196.1	200.5	218.8	225.9	232.6	223.7	198.2
February.....	174.8	179.7	179.5	190.5	199.3	226.1	196.8	206.6	223.0	231.7	235.5	224.5	199.8
March.....	176.8	181.2	179.3	188.8	202.5	226.6	200.4	207.8	231.3	235.2	236.3	226.0	201.6
April.....	177.2	182.0	180.2	191.8	202.8	228.1	202.6	210.7	229.3	238.0	239.3	226.5	204.0
May.....	179.8	184.6	185.6	196.5	204.5	230.3	202.2	209.4	229.1	238.2	243.2	226.3	204.7
June.....	180.7	188.7	186.4	199.8	204.3	232.9	203.4	208.1	227.0	238.4	247.6	228.0	206.5
July.....	180.5	190.3	185.5	199.1	204.1	230.9	203.8	207.7	227.1	236.9	248.1	227.9	206.5
August.....	178.1	192.1	185.2	197.4	202.8	231.5	205.2	209.2	227.9	239.1	249.1	232.6	209.4
September.....	179.2	189.6	187.5	199.6	203.4	229.4	208.2	215.6	233.8	242.1	249.3	234.6	208.7
October.....	177.0	186.6	188.5	198.4	204.2	229.2	207.8	214.9	236.6	245.5	248.4	237.5	208.5
November.....	179.8	191.7	194.6	204.3	209.3	233.7	216.1	222.9	242.9	252.3	257.3	238.4	214.0
December.....	179.8	193.8	192.1	205.3	212.3	238.2	216.7	224.0	241.6	254.2	261.3	240.5	215.7
Annual Average.....	178.1	186.6	186.0	196.6	204.0	230.3	204.9	211.4	230.7	239.8	245.7	230.5	206.2
1948													
January.....	183.4	199.2	200.0	211.6	215.7	245.2	220.8	225.8	253.3	257.9	268.8	244.1	220.4
February.....	182.2	196.3	199.4	210.7	215.3	242.5	220.3	220.8	252.7	253.4	263.8	242.4	218.5
March.....	182.0	198.2	199.2	206.0	214.6	241.5	218.7	218.3	253.5	248.7	264.5	241.4	217.6
April.....	185.6	201.4	202.9	207.6	219.6	245.8	219.0	223.9	246.1	249.2	270.1	244.7	220.2
May.....	187.1	203.0	203.7	210.0	222.4	249.6	218.3	227.8	247.0	254.2	276.4	247.5	222.2
June.....	189.8	206.0	207.3	215.1	224.3	251.8	222.3	232.0	252.0	261.3	280.8	251.3	226.0
July.....	189.5	204.8	206.8	216.7	223.4	252.8	223.1	233.0	253.5	260.4	279.1	251.5	226.0
August.....	190.7	207.5	210.5	218.5	226.4	255.7	227.4	237.9	255.9	261.1	281.0	254.9	228.9
September.....	190.7	208.6	211.9	221.2	229.8	256.2	228.2	239.8	255.8	260.4	281.7	255.2	230.0
October.....	186.9	207.4	213.8	223.0	231.8	255.4	229.3	239.2	257.6	262.1	282.6	254.1	230.1
November.....	186.2	204.1	209.8	222.4	229.4	252.1	227.0	235.4	257.8	261.9	281.0	249.0	227.5
December.....	184.0	201.0	206.5	217.1	225.7	249.3	225.8	232.3	254.7	262.1	280.7	248.3	225.1
Annual Average.....	186.6	202.9	206.0	215.0	223.2	249.8	223.4	230.5	253.3	257.7	275.9	248.7	224.4
1949													
January.....	184.7	199.2	202.2	218.2	221.5	247.6	224.7	226.3	248.9	257.6	278.5	246.6	225.1
February.....	184.7	198.8	201.5	217.8	221.6	248.3	224.2	225.3	248.1	255.6	278.2	242.8	222.3
March.....	180.3	194.6	200.6	213.2	218.3	247.0	219.7	222.2	248.5	252.3	275.8	240.6	219.0
April.....	179.9	196.2	201.6	211.7	218.8	248.1	218.3	226.0	250.7	256.8	272.9	239.9	219.3
May.....	180.8	195.6	202.3	210.6	218.2	248.1	215.8	227.1	248.7	255.9	271.2	246.2	219.3
June.....	183.3	199.6	201.1	208.7	218.0	249.7	215.4	225.7	248.4	255.4	268.5	248.0	220.0
July.....	179.9	196.8	197.7	204.3	218.6	248.4	212.6	225.0	245.7	253.3	269.7	243.3	217.6
August.....	177.9	197.5	197.4	200.0	218.0	245.9	211.4	224.1	245.3	247.9	266.4	243.1	216.1
September.....	180.6	196.2	198.9	201.2	220.2	245.4	214.3	226.8	245.0	247.7	266.2	240.6	216.7
October (Preliminary).....	180.6	194.1	200.1	196.0	219.9	241.0	214.4	225.4	245.8	250.0	266.1	241.1	215.8

of accuracy on an annual basis—even though they're often not available until months after the close of the year. But it just isn't possible to get them promptly on a monthly basis. Some regional payroll data are available, for instance. But they cover manufacturing industries only; nonmanufacturing payrolls, which make up the bulk of the total, just can't be found. State-by-state figures on farm income are published by the Dept. of Agriculture. But they come out too late to be of much help in computing up-to-date indexes; besides, they are often revised. And for many of the series—dividends, say, or professional in-

come—there aren't any regional figures.

But it isn't necessary to get month-by-month figures on actual farm income, or actual salaries; it's pretty near as good to find statistical indicators that reflect accurately what's happening to those basic income factors. So BUSINESS WEEK set out to find such series.

The series we finally chose are of three types:

- (1) Actual components of income (such as factory payrolls);
- (2) Creators of income (such as construction activity); and
- (3) Indicators of income (such as bank debits).

Because series of the first two types are, by and large, not available, most of the series chosen are of the third type. The complete list:

Factory payrolls. This represents the income of wage earners in manufacturing industries directly; indirectly, it's also an indication of wage-earner income in nonmanufacturing industries.

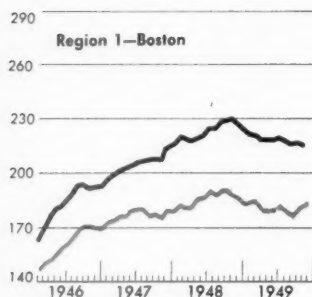
Construction contracts awarded. This suggests the volume of employment and payrolls in the building trades; it is also an indicator of regional industrial expansion.

Department-store sales. This series serves two purposes: It indicates the

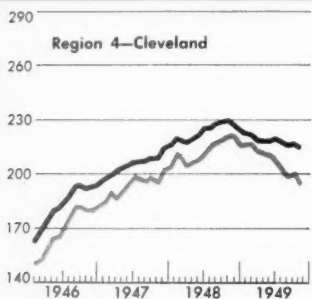
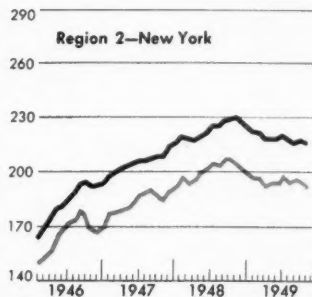
INCOME IS MORE THAN DOUBLE PREWAR.

(1941 = 100; adjusted for seasonal)

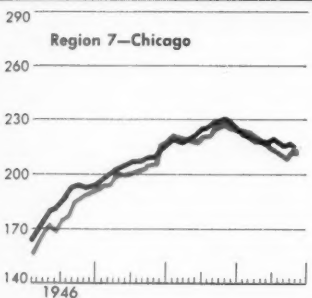
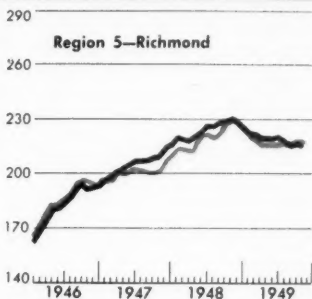
Regional Income



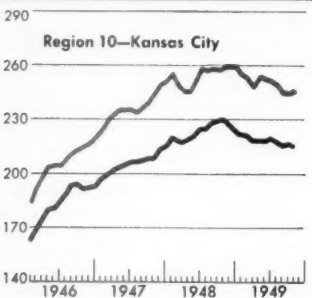
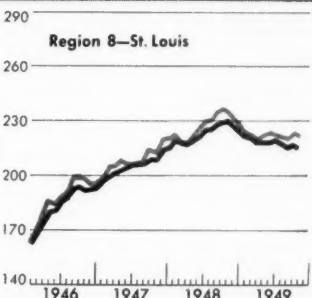
The two main sources of income in the New England region are industrial payrolls and property income (from dividends, interest, rents, royalties). Industry is mostly textiles and other soft goods, though in recent years there has been an increase in heavy industry. Vermont, New Hampshire, and Maine are largely agricultural, though farm income is not very important in total regional income. The long-term trend of income in the region is down, as compared to the rest of the country. New England has held its own with the national average only in heavy goods.



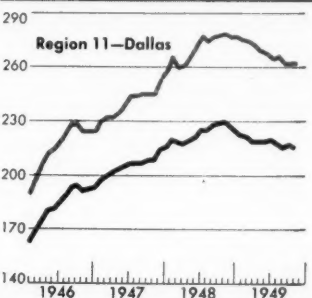
This region is often called America's Ruhr. It is overwhelmingly a heavy-goods area. Industrially, it can be divided into two halves by a north-south line down the middle. The eastern half—Pittsburgh, Wheeling, Youngstown, Cleveland—is mainly bituminous coal, steel, and related industry. Western half is more machinery, auto parts, and such. Farming is a big income source in Ohio. The relative income trend during the war was slightly down, as heavy industry expanded in other parts of the country. Before and since, the region just about held its own.



The major emphasis here is on heavy industry, though not to the same extent as in the Cleveland region. Detroit is the auto center, of course; furniture is also important in Michigan. Steel and machinery are dominant in northern Indiana and Illinois and southern Wisconsin. Iowa is historically the nation's richest farm state; corn and hogs are its principal crops. Dairying is important in Wisconsin. Chicago, of course, is the transportation hub of the country. The income trend follows the U. S. average closely, but the up-and-down swings are usually wider.



This is primarily a farming region; income from industry and property is below the average. The farming is diversified, including wheat, corn, livestock, and cotton. Industry has been growing in the urban areas, particularly in the extreme eastern section of the district. Colorado is an important source of nonferrous metals; Denver is the major distribution center for the Rocky Mountain area. Before the war, the region's relative income trend was down slightly. But during the war it rose much faster than the national average. Since 1946 it has just about held its own.

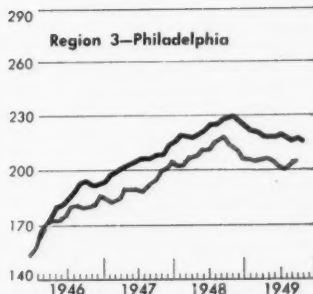


R. . . BUT THE REGIONS VARY SIGNIFICANTLY

National Income
(Business Week Composite)

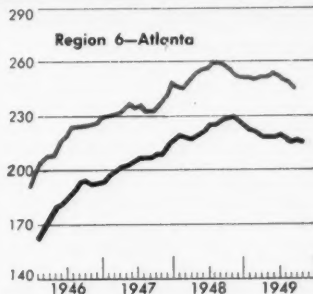
(1941 = 100; adjusted for seasonal)

Property income and industrial payrolls are the two main income sources. Industry in New York City is mostly light; apparel is the largest single contributor. In upstate cities and northern New Jersey, however, heavy industry predominates. Farm income, particularly dairying, is important in the rural areas in upstate New York. New York City, of course, is the nation's center for finance, banking. In addition, it's the country's most important port. The long-term trend of income in the region is down as compared with the U.S., though not so sharply as in New England.



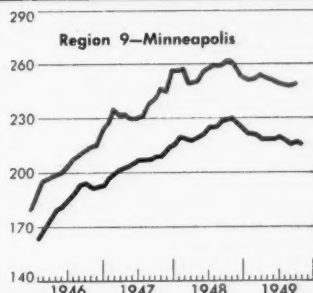
A fairly well-balanced region. Property is an important income source. So are industrial payrolls. Around Philadelphia, industry is pretty well diversified. But in other parts of the region it leans to the heavy side—steel at Bethlehem, oil refining at Marcus Hook, chemicals in Delaware. Northeastern Pennsylvania is, of course, the nation's anthracite center. Farming is important in southeastern Pennsylvania, southern New Jersey, and Delaware. The long-term income trend is down, relatively, but since the war the region has done a bit better than the national average.

This region is notable for the wide differences within it. Baltimore is a heavy-industry center; it and Norfolk are major ports. West Virginia and western Virginia are important coal centers; they are also a general farming area. Tobacco is a big crop in southern Virginia and North Carolina; cotton and textile-manufacturing are major income sources in the Carolinas. Government income is very important; the region contains Washington, D. C. The region's income trend was sharply up before the war; since then it has been just about average.



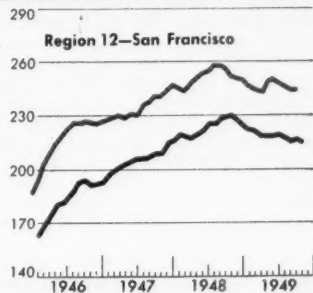
The "deep South." This region historically has had a "cotton economy," but in recent years it has begun to industrialize, and farming has been diversified. Birmingham has always been a major industrial center; in recent years industry has been growing in Atlanta and the TVA territory. Lumber is important. New Orleans is a major port; the Louisiana coastal region is a big oil producer. Florida's main income sources are citrus fruits and tourists. Income trend was sharply up during the war (from a low base); it has been about even with the nation since.

This region is sometimes characterized as the U.S. in miniature. It has a little of everything. Industry is centered around St. Louis; it ranges from steel to shoes. But the rest of the region is growing industrially. Southern Illinois and Indiana are important sources of both coal and crude oil. Agriculture is important in all parts of the region, and is pretty well diversified: There is some cotton, some wheat, some corn and hogs, some dairying. The trend of income is historically fairly close to the average; it has been doing a bit better than average since the war.



The smallest of all the regions, income-wise. But coming up: It has shown the largest percentage gain of any region since the war. This is outstandingly a farming section; there is much less income from industry and property than in most other regions. Farming is varied, including dairying in Minnesota, wheat in the Dakotas, corn and hogs in South Dakota, cattle and wool in Montana. Industry is concentrated around the Twin Cities and Duluth. Northern Minnesota has the world's largest iron-ore deposits; nonferrous metals are important in Montana.

This is the boomiest of all the regions over the past decade. It used to have very little industry, but the war changed that. There's an industrial boom now; principally along the Texas coast, with some around Dallas and Fort Worth. Oil refining and chemicals are perhaps the most important industries. The area is also the world's biggest source of crude oil. Farming is considerably more important than in most districts; the two big crops are cotton and cattle. Others: wheat in the Texas Panhandle; wool in western Texas; citrus fruits along the Rio Grande.



The West Coast had its boom before and during the war; since then it has not quite held even with the rest of the country. Industry is diversified, with aircraft outstanding. Utah, Idaho, and Arizona are the country's principal source of nonferrous metals. Lumbering is important in Washington and Oregon. Important crops are fruits and vegetables and some cotton. A major factor is immigration from other sections of the country. Many of the immigrants are older, retired persons; that means pensions and property are important sources of income.

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volume of payrolls in wholesale and retail trade; it's also a general indicator of consumers' ability and willingness to spend.

Farm bank debits. This series is actually based on bank debits in cities and towns in farming sections (no figures are available for purely rural areas). It is a good indicator of farm income.

City bank debits. This is used as a measure of income and trade in urban areas.

Electric-power output. This is a general measure of production and business activity.

Special series for special regions. In a few cases, we felt that there was a source of income not adequately represented by the general series. So we used petroleum production (for the Southwest) and carloadings (for three districts) to fill out the gaps.

Choice of Regions

At the same time that we were figuring out the components to use, we had to decide what boundaries we would choose for our regions. The obvious answer, in view of the benchmarks we had chosen, would have been: "the 48 states." But this had at least three serious drawbacks:

(1) The cost would have been prohibitive, both for us to compile and for businessmen to use.

(2) Many of the series, while available on a regional basis, are not available state by state. And there would have been no way to break them down into the smaller parts required.

(3) Most important, the use of such small districts would increase the probable range of error of the indexes enormously. There are bound to be completely random variations in all series—variations which it is (1) impossible to measure and, therefore, (2) impossible to eliminate. In series covering a small area, such as a single state, such variations are apt to bulk large in comparison with the meaningful variations. Over large areas, they become less significant.

So we finally settled on the 12 widely accepted Federal Reserve districts. This choice has several things to recommend it. For one thing, they have been in existence as accepted entities ever since the administration of Woodrow Wilson, when the Federal Reserve System was set up. For another, they are based on valid banking and trade boundaries. Finally, several of the series that were selected as components are compiled by the Federal Reserve Board, and thus are available for exactly these regions. (If your regions differ, you can usually make some adjustment to make comparison possible. For how to do it, see box on right.)

This choice immediately created new problems. The Federal Reserve districts

do not follow state lines exactly. Only 32 states and the District of Columbia are entirely included in a single district; each of the other 16 is split between two districts. Yet some of our basic data is compiled on a state-by-state basis. And, even more important, our benchmark series—the Commerce Dept.'s annual figures on income—are given for the separate states.

These problems were solved more or less arbitrarily. On the payroll series, for instance, most of the states happen to be split between districts in such a way that by far the largest part of manufacturing activity is in one of the two halves. In such cases, we lumped all of the payroll statistics into the region with the larger share.

For computing the annual regional benchmarks, the problem was not so simply solved. Here, what we had in 16

cases was a figure for the total income of a state that was split between two districts. Even though most of a state's manufacturing activity is in one part or the other, it would not be valid to assume that the same thing is true of income. In New Jersey, for instance, most of the factories are in the north. But most of the farming is in the south.

Our final weights for these states were based on two factors: population, and certain indicators of probable income distribution. Thus, we split New Jersey's income 81.5% to the northern part (New York district) and 18.5% to the southern part (Philadelphia).

Choice of Weights

The next major problem was to determine the weight to be given to each component. The ideal would have been

If Your Sales Regions Don't Fit Our Regions . . .

Few companies have exactly the same sales districts. Thus, in most cases your territorial breakdown won't exactly match the one we have chosen for our indexes: the Federal Reserve districts. In many cases they will be close enough. But in others some adjustment will be necessary.

In general, this shouldn't be hard. The problem arises most often in two ways: (1) Your sales regions are smaller than the Federal Reserve districts; or (2) your sales regions are larger than the Federal Reserve districts. In most such cases all that you need to do is combine the smaller regions to make them match the larger.

Suppose you have, in the West, sales districts that include (1) Washington and Oregon, (2) northern and central California, (3) southern California, and (4) Nevada, Utah, and Arizona. By adding together your own figures for these four territories, it's clear that you will get a series that is comparable to the income figures for the 12th Federal Reserve district.

Or suppose that one of your sales districts comprises the whole East Coast from New York down through the Carolinas. In that case, you would have to combine our indexes for the second, third, and fifth regions to get a valid basis for comparison.

That's a little harder. You can't add indexes the way you can dollar-sales figures. And you can't take simple averages, either: some districts play a bigger part than others in making up the national total. So our indexes have to be weighted to give them their proper relative importance in the composite you're trying to get.

Here are the weights to use, based on regional share of total income in 1941, the base year:

Region 1	Boston	7.45%
Region 2	New York	18.36
Region 3	Philadelphia	6.48
Region 4	Cleveland	9.31
Region 5	Richmond	7.58
Region 6	Atlanta	5.75
Region 7	Chicago	16.89
Region 8	St. Louis	5.11
Region 9	Minneapolis	3.31
Region 10	Kansas City	4.52
Region 11	Dallas	4.08
Region 12	San Francisco	11.16

Here's how to use them, taking the case mentioned above for a sample: Suppose you want to get the composite income index for your East Coast district for June, 1949 (any other month would do as well, of course). From the table on page 67, we find that the individual indexes are 199.62 for Region 2, 201.07 for Region 3, 218.00 for Region 5. These indexes are weighted and combined like this:

Region	Index	Weight	Product
2	199.62	18.36	3665.02
3	201.07	6.48	1302.93
5	218.00	7.58	1652.44
Total		32.42	6620.39

The composite income index is the total of the products (6620.39) divided by the total of the weights (32.42), or 204.21. And this figure is comparable to your June sales in your East Coast territory.

In some cases, it may be necessary to combine two or more sales districts and two or more index regions to get comparable boundaries. Or in some cases, your boundaries may be such that you need to combine parts of our regions rather than the whole regions. In most cases that can be done by scaling down the full-region weights given above; we would be glad to guide you on how this might be done if you will let us know your specific problem.

Meeting the Benchmarks: Proof of Validity

	Region 1 Boston	Region 2 New York	Region 3 Phila- delphia	Region 4 Cleveland	Region 5 Richmond	Region 6 Atlanta	Region 7 Chicago	Region 8 St. Louis	Region 9 Minne- apolis	Region 10 Kansas City	Region 11 Dallas	Region 12 San Francisco	Nation
1946 Dept. of Commerce Income...	161.8	172.1	170.0	174.1	189.1	211.6	179.8	190.9	200.9	210.0	216.0	215.5	186.5
1946 Business Week Income Index...	162.8	168.2	168.4	172.2	186.7	209.7	178.6	190.0	197.8	208.1	219.8	211.8	184.6
1946 Difference...	+1.0	-3.9	-1.6	-1.9	-2.4	-1.9	-1.2	0	-3.1	-1.9	+3.8	-3.7	-1.9
1947 Dept. of Commerce Income...	175.9	186.6	187.5	195.3	205.8	234.4	203.9	211.3	233.9	241.1	250.6	232.1	206.8
1947 Business Week Income Index...	178.1	186.6	186.0	196.6	204.0	230.3	204.9	211.4	230.7	239.8	245.7	230.5	206.2
1947 Difference...	+2.2	0	-1.5	+1.3	-1.8	-4.1	+1.0	+0.1	-3.2	-1.3	-4.9	-1.6	-0.6
1948 Dept. of Commerce Income...	186.8	202.2	202.4	213.6	221.6	250.1	223.0	232.2	252.8	256.5	270.6	245.4	223.1
1948 Business Week Income Index...	186.6	202.9	206.0	215.0	223.2	249.8	223.4	230.5	253.3	257.7	275.9	248.7	224.4
1948 Difference...	-0.2	+0.7	+3.6	+1.4	+1.6	-0.3	+0.4	-1.7	+0.5	+1.2	+5.3	+3.3	+1.3

to give each its "economic weight"—a weight that would precisely reflect its relative importance as a determinant of income. Because of the nature of our component series, however—some factors in income, some producers of income, some indicators of income—that just wasn't possible.

Next best thing would have been to use the same weights as were used in the prewar indexes. Since most of the components are the same, this would have been possible, theoretically. But we found that the war and postwar years had produced such changes—in the national economy, in the level of incomes, and in the basic characteristics of the regions themselves—that a simple extension of the prewar indexes was misleading.

Since economic weights were not possible, and since we couldn't use the ones we used before the war, we had to find some set of weights that, on a purely pragmatic basis, would give us indexes that jibed with the benchmarks.

This system of weighting gave us, after long experimentation, a series of regional income indexes that were consistent, and that realistically represented changes in income—in most regions. But in the regions where farming is an important income source, we couldn't find weights that would make our indexes conform to the Commerce benchmarks.

We finally found the reason for that, too. And we decided that it was the Commerce data that needed adjustment, not ours. Here's why:

Commerce includes in its farm-income data the full value of any change in farm inventory. That means, in brief, that if a farmer puts his corn crop in the crib to store it, instead of selling it, the department includes the full value of that corn in its estimate of the state's income.

For our purposes, we decided, that's not right. The farmer doesn't have that much cash to spend. Yet it would also be wrong to ignore the extra corn; farmers are undoubtedly in a freer-spending mood when they know they have corn in their cribs they can later turn into pork.

The same sort of argument holds for a year in which farm inventory shows a net decline. Commerce subtracts the whole decline from that year's income. And, again, this is probably an overadjustment.

Our solution was to deduct half of the change in the value of farm inventory from the Commerce figures in computing our benchmarks. Although the choice was purely arbitrary, it is justified for two reasons: (1) Farm experts agree that our 50-50 reasoning is sound; and (2) it works—in the sense that our indexes for the farm regions agree with the benchmarks computed that way.

Once we had made this inventory adjustment in the benchmark data, we finally found that we had indexes that worked. When compared with the benchmarks for 1946, 1947, and 1948 none of them varied by more than 2% (table, above). And the amount of year-to-year change in each regional index was even closer than that to our standard.

But there was still one more test to be passed. Though the benchmark comparison showed that our indexes gave the true picture of year-to-year movement from 1941 to 1948, it still told us nothing about the correctness of our month-to-month movement.

For that proof, we turned to another Commerce Dept. series. Commerce compiles figures on consumer income each month for the country as a whole. While consumer income is not quite the same as income payments, the two series almost always follow closely parallel paths. So we put that Commerce series on a 1941 base, and compared it with the national composite of our monthly regional indexes. That worked, too.

So, after six months' work by a staff of statisticians and economists under the direction of the McGraw-Hill Economics Dept., we were finally satisfied that we had indexes that show what they're supposed to show: the movement of regional income. The very fact that the indexes accord with the benchmarks—both over the long term from 1941 to 1948 and in the short-term, month-to-month changes—makes

it at least highly probable that they will trace correctly the future patterns of regional income movement.

How to Use the Indexes

The BUSINESS WEEK Regional Income Indexes are primarily a tool for sales executives and other marketing men. It is now possible to watch, month by month, the creation and flow of buying power in 12 basic business areas of the country. You can now tell, from the income data, where to expect larger or smaller or unchanged sales. You now have a basis for setting up new sales quotas or revising old ones, for planning your promotion, your advertising.

You now have a basis for judgment on whether salesmen are or are not getting the business they ought to be getting out of their territories: A salesman who is just holding his own in a region where income is falling may be doing a much better job than a man who is breaking all his old records in a region where rising income is giving him a big boost.

Suppose, for example, sales for a particular company have been going up in Region A, down in Region B. Yet the sales manager can see from the indexes that there has been no significant change in income in either of the regions. That puts him on notice that something may be out of line, and sends him on a search for the answer. It may be any one of many. For instance:

Is the competition keener in Region B than in Region A?

Is the price too high for the average buyer in Region B?

Is the advertising appropriation too small for Region B, or too large for Region A?

Is the advertising in Region B directed to the wrong people, or taking the wrong pitch?

Is the salesman in Region B doing his job? Is he making enough calls; is he seeing the right people; is he making a good impression; can he sell?

Use of the indexes is by no means limited to companies that operate nationally. They can be just as valuable

to the small company—the local retailer, say, or the wholesaler with a limited territory.

Nor is use of the indexes limited to immediate sales problems. Long-term comparisons with sales results can be made, too, since the indexes are on a 1941 base. Thus, your sales may be just about twice the 1941 level both in eastern Pennsylvania and on the West Coast. The indexes will show you that income in the Philadelphia district is about 200% of the 1941 base, but that in the Far West it is nearly 250% of the 1941 base. There's your warning signal again: Why haven't your West Coast sales kept pace?

(Comparisons are possible for even longer periods. Since our old, prewar regional indexes cover the same regions, and are made up, by and large, of the same components, they can be used for comparison. For anyone who would like to make such comparisons, we will be glad to supply monthly or annual figures from 1934 to 1941 on request.)

... With Other Tools

Bear in mind that our indexes can never provide final answers to marketing problems all by themselves. They are simply tools, and must be used in combination with other tools. There are too many factors besides income that affect sales.

As to what other tools to use, much depends on the nature of your product. Suppose you manufacture canned baby foods. You want to know what your sales prospects are, say, in the Southeast. Total regional income by itself would be all but meaningless.

The most important statistic for you to study would be the birth rate in the Southeast. But that by itself isn't too valuable, either; what difference does it make if there are a lot of babies if many of the families can't afford to buy your product.

That's where income comes in. But even there, our indexes by themselves won't give you the answer. The important thing isn't total income, but per capita income. So you need population figures, too.

Now let's suppose you're a manufacturer of high-priced automobiles. This presents an entirely different problem. Your product is intended primarily for the high-income group. And indexes of total income give no indication of how many high-income families there are in each region. So the first thing you have to find out is where the high-income families live.

Your basic data here come from the Internal Revenue Bureau's statistics on income-tax returns. These statistics are released very late and, of course, on an annual basis only. But they do give you the information you're looking

for: the regional distribution of high-income families. And once you have that, the BUSINESS WEEK indexes can be very useful by pointing out to you the comparative regional trends.

Though the indexes are primarily marketing tools, they can be useful for other purposes, too. If you operate branch plants, you may be able to use the indexes in scheduling production for plants in different parts of the country. If you are thinking of establishing a new plant, the indexes may help you decide on a location that's close to growing markets for your product.

Cautions

In any use of the monthly indexes, there's one thing to watch out for. Any business does better in some months, not so well in others. This seasonal movement is regular and predictable. But each business has its own seasonal pattern—and it obviously wasn't possible for us to get indexes that reflected all of them.

So we did the next best thing. We adjusted each of our component series to eliminate all variations that were purely seasonal in character.

Thus, our final regional indexes are "deseasonalized." And that means that, before you compare our indexes with your business, you have to adjust your figures, too, to remove the effects of seasonal variation.

For instance: Suppose most years your sales in June run about 10% higher than your average monthly sales for the year. Then, before you compare your June sales for any year with our June index, reduce your figure by about 10%.

Naturally, in using the indexes, you want to watch a trend develop for at

least three or four months before you jump on it as significant. Our series are not perfect; there can be monthly bumps or quirks.

In fact, we never expected them to be perfect. It would be presumptuous of us to lay claim to even as high a level of precision as the Commerce Dept.; it measures actual income, while we can only approximate it. And the Commerce Dept. data themselves are far from perfect.

During the very time that we were computing our indexes, for example, the department made three basic revisions in its annual series on state income—our benchmark series. Some of the revisions carried back all the way to the war years. These Commerce revisions prove beyond any doubt that the goal of precision accuracy for our indexes is impossible to attain.

Since the Commerce figures are our main guide to validity, it is possible that our indexes will have to be adjusted from time to time to conform with future revisions in the Commerce data.

And we intend to work continually to find possible improvements in the indexes. The Bureau of Labor Statistics, for example, has just issued two new series on wages and hours in wholesale and retail trade. They are too new still for us to tell whether or not they would help us in presenting the true regional income picture. But we will watch them. And if we find that they would help, the composition of the indexes will be changed to include them.

Monthly Reports

Thus, though our indexes are as accurate as it is humanly possible to make them, some slight errors in individual monthly figures are bound to creep in. To get around this, it is necessary to take a broader look at each region each month than is possible statistically. Further, even if the indexes were precisely accurate in all cases, businessmen would need some guide as to (1) why they move as they do, and (2) what may be happening in subregions of any region that may be different from the over-all pattern of the region.

To do this dual job, BUSINESS WEEK will present each month, along with the month's indexes, a regional market report. For each of the 12 regions, we will tell you what influences have been acting on the trend of income, and what future prospects are indicated by crop conditions, industrial trends, and so forth.

These reports will be based on monthly, on-the-spot reports by BUSINESS WEEK's nationwide staff, plus general information released by individual companies and by government agencies.

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Single copies of this report will be available on request in about three weeks—to BUSINESS WEEK subscribers without charge; to nonsubscribers for 20¢. Additional copies will be billed at the rate of 20¢ apiece. On orders for 11 or more, quantity prices will be quoted on inquiry. Address orders for reprints to Readers Service Dept., Business Week, 330 West 42nd St., New York 18, N. Y.

Further information on components and weights used in the regional indexes, or on the exact geographical makeup of the regions, is also available on request. Address Regional Business Editor, Business Week.



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FARM BUSINESS



FILLING 'EM UP: Public bins sprout 50 strong in Malta Bend, Mo., end storage headache.

The Battle of the Grain Bulge

Drive for government grain storage was smashing success—with manufacturers' help. But it left bin dealers high and dry, with stocks no one wanted. Corn deal is political hay for Truman.

The Administration's drive for public-bin space to store holdover corn went over with a bang.

In fact, the bang was so loud that it blew into a cocked hat the second part of the Administration drive—to get farmers to buy their own bins.

• **Who's Happy?**—The farmers aren't worrying. They got their grain stored.

The manufacturers are happy. They got behind the public program with a great big shove, outstripped even war-production records to put it over.

President Truman is happy. He pulled a political rabbit out of the hat via the public program.

But the retailers who bought the private part of the deal are sending up distress signals. They are stuck with a lot of bins that nobody will buy.

• **Urgent**—Last spring, it was clear that the 1949 season was going to yield another bumper grain crop (BW—Mar. 26 '49, p. 102). And there was a huge carry-over of old corn. Normally, that wouldn't bother the farmer; price supports would take care of him. But to qualify for the government loan price, the grain had to be in approved storage. And the storage capacity wasn't there.

• **Results**—Repercussions from the public-storage drive carried far in the farm-business world. First, its success

strengthened the price of corn and all other grains, at a time when it looked as though there might be a price cave-in. Second, it braced farm purchasing-power at a crucial time. And it may make it harder in the future to sell farmers their own permanent storage bins.

• **Political**—Politically, the program is an extension of the triumph for Truman that stems back to his capture of the Corn Belt farm vote in 1948. Republican candidates voting the farmer will hear more about this before 1950 is over.

It was a close call for the Administration.

A few weeks delay—even a few days in some areas—and the price for new-crop corn might have fallen so far below the loan level as to start a wave of panic selling on the part of farmers. As it was, farmers were selling new corn at \$1.00 a bushel at country points; the government loan rate was running around \$1.40. Then came Hairbreadth Harry with his new bins—plus an unexpected reduction in corn yield.

• **Results**—As a result, during the second week in November, with one of the biggest corn crops in our history in full harvest, the Des Moines branch of one commodity trading-house wired that

there was no cash corn-market in the state of Iowa. Corn was going into storage, at the government loan rate.

Delays in getting the bins caused serious inconvenience, in eastern Nebraska, particularly. But the county Production & Marketing Administration officials had their answer ready: It was the fault of the 80th Congress, which did not give Commodity Credit Corporation clear authority to construct storage space. It was the middle of June before the 81st Congress re-wrote the law (BW—Jun. 11 '49, p15). Contracts were let right away.

• **Crisis**—Then, just when deliveries should have been at their peak, along came the steel strike. Only a good job by manufacturers saved the day for Truman.

• **Rush!**—The biggest stack of orders went to Butler Mfg. Co., Kansas City, Mo., for 25,459 bins. The orders were filled in 53 days at their Galesburg, Ill., plant. A force of 1,300 worked three shifts seven days a week. When the last of 1,679 railroad cars loaded with bins left Galesburg, civic and business leaders turned out to praise a production record that topped anything the plant had accomplished during the war.

The steel strike forced Edwards Mfg. Co., Cincinnati, Ohio, to buy galvanized steel all over the country, some at warehouse prices, in order to fill contracts for 3,000 bins.

Columbian Steel Tank Co., Kansas City, Mo., met its contract for 2,000 bins (picture, page 74) by getting permission from the CCC to use regular-weight galvanized sheets in some cases instead of the heavier sheets specified.

The biggest orders in terms of capacity went to Great Lakes Steel Corp., Detroit, for 2,300 Quonset-type structures with space for 75-million bu.

F.o.b. costs for the steel bins ranged from 14¢ to 18¢ a bu. Freight and construction ran the costs up to somewhere between 25¢ and 27¢ a bu. CCC estimated the whole job would cost around \$70-million for 60,000 storage units with a capacity of 260-million bu.

• **Dealers Stuck**—Failure of the plan to sell farmers their own bins for holdover grain has left large stocks in dealers' hands.

CCC offered to loan farmers up to 85% of the cost of bins and to pay 10¢ a bu. for storing their 1948 corn another year. Three years of storage fees at this rate would have paid for the bins.

• **Stocking Up**—Most of the big farm retailers and hundreds of small dealers stocked up early, banking on government cooperation.

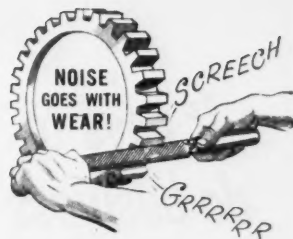
Then word got around: The government would take care of everything—for the farmers. So they canceled their orders.

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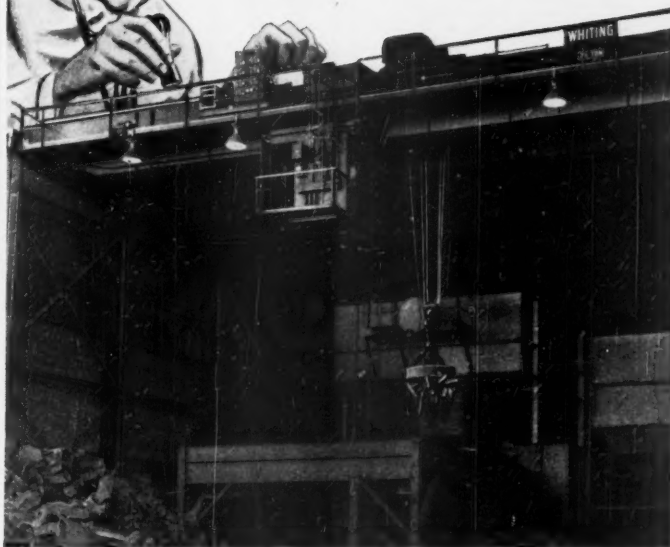
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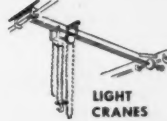
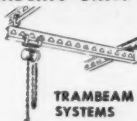
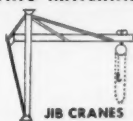


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"But the trust fund I'm thinking of is far too small to interest the trust department of any bank."

• **No More**—That has long been the belief of a great many people. And once there was some truth in it—once, but not now.

No bank today maintains a trust department for the exclusive use of its wealthiest clients. "If you have \$1,000, you have an estate," the postwar slogan goes. Most banks are actively competing these days for the fiduciary-service business of interested individuals—be it large or small.

• **Common Trusts**—Mainspring of this bid for the individual's money has been a sharp rise in the number of "discretionary common-trust funds." These are trust-fund arrangements especially designed to attract the business of individuals of moderate means. Lately these funds have grown to be a major factor in the nation's trust-banking operations.

In November, two more Manhattan banks—Chase National and National City Bank's affiliate, City Bank Farmers Trust—set up new common-trust funds. Other such funds have been put in operation this year by such leading local banking institutions as Guaranty Trust, Central Hanover Bank & Trust, Bankers Trust, and Bank of New York & Fifth Avenue Bank.

• **Like Investment Trusts**—In a sense, though few bankers like the comparison, discretionary common-trust funds are nothing more than open-end investment trusts operated by trust-department officials of a bank.

Each represents a pool of investment funds made up of the combined resources of many individuals. And each offers greater safety to investors through a wide diversification of holdings.

The "investments" people make in these pools can be withdrawn freely. And, at regular intervals, the investors receive their proportionate share of the pool's earnings.

From here on, however, any similarity to the open-end investment trust fades away. Common-trust funds operate under much stricter rules and regulations.

• **The Laws**—Father of the common trust is Regulation F, which was set up

by the Board of Governors of the Federal Reserve System about 20 years ago. It gave national banks the power to use common trusts in any states where laws authorized the operation of common-trust funds by state-regulated banks and trust companies.

Just as important to the growth of common trusts, though, has been Section 169 of the Internal Revenue Code. This part of the code decrees that a common-trust fund is not to be treated as a corporation for tax purposes. Instead, any income that may accrue from its operations is to be considered as the income of the fund's investors and taxed accordingly.

Under Federal Reserve regulations, a common trust must perform an entirely fiduciary function. That means that only bona fide trust accounts of the bank can participate in its operations. Those customers of the bank who are interested in the common-trust fund simply as a medium for investment are excluded.

• **Other Limits**—The participation of those legally permitted to join a common trust is further restricted by another regulation. No single trust may have an interest in a common trust that exceeds \$50,000 or 10% of the value of the common trust, whichever is lower. One person, however, may have several interests in one fund, provided the income and principal of these interests is paid to different beneficiaries, and not the one person.

Just as strict restrictions apply to the holding of the trusts. Not more than 10% of a fund can be invested in the securities of any one corporation. Neither can more than 5% of the outstanding shares of a company be held. And banks are prohibited from investing any of their own funds in such a trust.

Banks that operate the trusts are forbidden to advertise, or publicize in any way the earnings of a common trust or the value of its assets. Financial information can be given only to participants in the trust. And the reports must carry a statement warning that publication of the data therein is unauthorized.

• **Cost Saving**—Banks are not allowed to charge a fee for their management

of the common trust itself. Compensation has to come from the fees for handling the various trust accounts that make up the fund.

Obviously, this restriction cuts the potential earning power of the trust department. But the banks find no cause to kick about this aspect of the business. And for good reason.

Common-trust funds give the banks a wide area for cost cutting; it's considerably cheaper to handle many trust funds as a single unit than to handle them separately. Some banks admit common-trust funds have meant savings of as much as 25% to 50% in their trust-department costs.

• **Numbers**—How many discretionary common-trust funds are now in operation? That's a hard question. New funds are constantly being announced, and statistics haven't yet caught up with the flood. The current estimate, though, is that close to 100 common-trust funds are now being operated by about 90 banks.

You can only guess at the size of the assets in these funds. Banks have never talked freely about the extent of their trust operations. And they aren't permitted even to breathe about the size of their discretionary common-trusts.

Some authorities believe, though, that as much as \$500-million may be tied up in the funds. Others think that that figure is nearer to \$400-million. But no one except the banker knows how the funds are invested—and he's not telling.

• **A.B.A. Survey**—In February of this year, the American Bankers Assn. com-



KOPPERS-ELEX Precipitators give you guaranteed recovery of valuable materials!

Now you can recover valuable materials, by-products, catalysts, etc. from industrial gases . . . *get guaranteed results at any efficiency you specify . . . with Koppers-Elex electrostatic precipitators!*

All over the country, Koppers-Elex precipitators are proving their capacity to make recovery profits: one plant reports efficiencies of 98% and 99% . . . even though only 95% was specified. A paper mill operator reports salvage of

\$2240 worth of soda ash a week . . . *30% better recovery than guaranteed!*

Now you can get this same *extra* service and performance in your plant. Specify Koppers-Elex for recovery at *any efficiency* . . . recovery that's uniform, without night rapping! With Koppers-Elex, *one company* is entirely responsible for the success of your installation. Get the complete story. Fill out and mail the coupon today!



\$1-Million Is So-o-o Big

This is the way your savings account will look when you get \$1-million in it. Western Saving Fund Society, Philadelphia, has the cash on display in its lobby.



ELECTROSTATIC PRECIPITATORS

Koppers Co., Inc., Koppers-Elex Precipitator Dept.,
311 Scott St., Baltimore 3, Maryland.

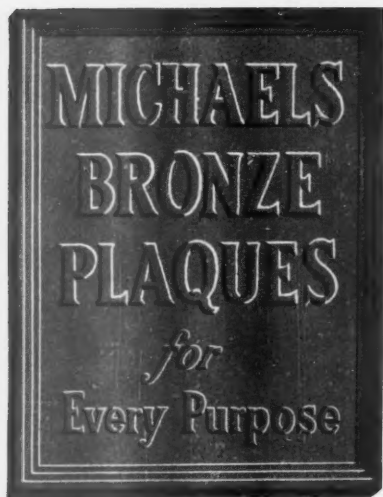
Please send me free information on Koppers-Elex Precipitators.
I process

Name Title

Company

Address

City State



Michaels also manufactures a wide range of building materials in aluminum and stainless steel, as well as MI-CO Parking Meters. Literature is available on all Michaels products.

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• Whatever you need in bronze plaques it will pay you to contact Michaels. Plaques may be made any size, any shape, any design to meet all requirements. Used for all types of buildings and building lobbies, for offices, parks, playgrounds, for dedicating memorials, grave markers, name plates for desks, paying, receiving windows of banks and business offices, and scores of other uses. Michaels plaques are made of virgin bronze with lettering, borders and ornamentation hand chased and burnished for contrast. Fast service. High quality work. Tell us what you need. We'll be glad to furnish sketches and quotations without cost or obligation.

pleted a survey of common-trust funds which revealed some figures on the amount of assets which have been tied up in discretionary funds operated by some 43 banks.

At the time, some 48.5% of the funds was made up of cash and bonds, 15% preferred stocks, 34.2% common stocks, and 1.8% FHA mortgages. Cash, and government and municipal bonds alone accounted for 37.1% of resources, industrial securities 38.5%, utilities 13.4%, rails 5.6%, and "financials" 3.6%.

The survey also showed that 18,690 trust accounts were participating in the common-trust funds. And the average investment per trust figured out to approximately \$17,000.

• **Room for Growth**—Since the trend toward common trusts began, the greatest concentration has been in Pennsylvania, New York, and New England. However, a total of some 21 states now have the trusts in operation. There is still plenty of room for growth of this banking device. A total of 33 states now permit the operation of discretionary common trusts.

Barnsdall and Ogden Won't Merge After All

The projected merger between Floyd Odium's Ogden Corp. and Barnsdall Oil Co. (BW—Sept. 17 '49, p93) is off. After talking things over with the representatives of the Bureau of Internal Revenue, executives of the two companies found that they probably couldn't put through the merger on a tax-free basis.

The merger plan went like this: A new Barnsdall Oil Co. would have been formed. Holders of the old Barnsdall common would have had the right to exchange for new common on a share-for-share basis, plus the right to convert their new shares into 5% preferred stock, par value \$55. Holders of Ogden Corp. common could have exchanged each share for about 1/18 or 1/20 of a share of new Barnsdall, together with the same privilege of conversion into preferred.

However, these exchanges of common stock with conversion privilege into preferred shares might have resulted in income taxes against stockholders. So Odium called the deal off.

At the time the merger was proposed two months ago, Odium's Ogden held about 29% of Barnsdall stock. That was a rapid increase from June 30, when Ogden holdings in Barnsdall were 6%, and the Odium interests as a whole owned about 36% of Barnsdall. Ogden itself is about 80% owned by Odium's Atlas Corp.—or at least it was two months ago.



VIKING SPRINKLER SYSTEMS

Protect you from Fire Loss due to Human Failure

Ever awake with a start when fire alarms sound and wonder if it's your business going up in smoke? You have so much to lose — liability for the lives and property of others — employees' lives — your property investments and markets. Indicative of the protection from this that a modern Viking Sprinkler System will give you is the Viking Engineered System that prevents even the factor of human failure from interfering with the systems' operation. The unexcelled effectiveness of a Viking System is the result of one man's ambition to make fire protection more efficient and dependable. This man, Colonel Tyden of Viking, invented and simplified devices that created new methods and improved old methods of fire control.

What do they cost? Actually, nothing. The proved dependability of Viking is the reason why their initial cost is quickly amortized by the savings made through reduced insurance rates.

A conveniently located Viking engineer will survey your requirements without obligation.

Write for free bulletin.

VIKING

OFFICES IN PRINCIPAL CITIES

THE VIKING CORPORATION
HASTINGS, MICHIGAN



Christmas reminder...

When you're thinking about what to give your business associates, customers, and friends, remember this...

Chances are they'd rather get Four Roses.

Your favorite retailer will be glad to make special arrangements for gift purchases and deliveries.

FOUR ROSES
AMERICA'S FAVORITE GIFT WHISKEY



FINE BLENDED WHISKEY in an attractive gift carton.

90.5 proof. 40% straight whiskies; 60% grain neutral spirits. Frankfort Distillers Corporation, New York City.

of These Savings

Y MANUFACTURING

H E A D Q U A R T E R S F O R B U S I N E S S

p u b l i c a t i o n s

SELLING

HERE IS AN advertisement of the "ANY" Manufacturing Company. It is relieving the "ANY" sales staff of a lot of time-consuming chores that are preliminary to every sale. By speeding up the route to the finished order, it is cutting the cost of manufacturing sales. That's *Mechanized Selling!*

But let's be more specific. Let's say this is *your* advertisement. When a prospect reads it, you've made a selling contact. You've relieved YOUR salesman of the job of telling *WHO* you are—*WHERE* you are—*WHAT* you make.

If he's a prospect for the kind of a product you make, he'll want to know more *because it's his business to be interested*. So YOUR advertisement shows him what it looks like—how it works—what its salient advantages are. Another time saver for your salesman!

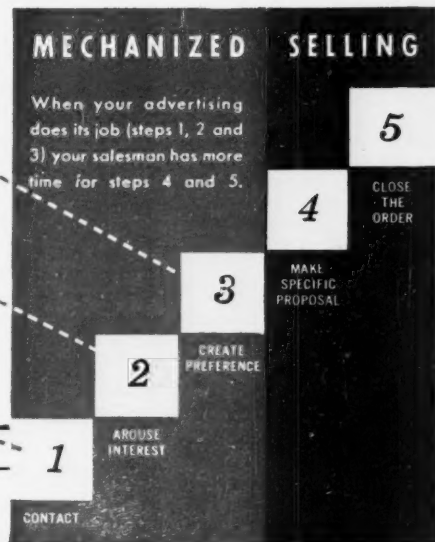
Then, when your advertising has created a favorable regard for your product by telling the prospect what it can do for him, you have opened the door for your salesman to put his specialized talents to work. You've saved him the burden of climbing those first three steps alone.

It costs your company "X"* dollars to put a salesman in a prospect's office. He's the skilled workman. His time is money to him, and to you. When you mechanize these preliminary steps you tell your story to a prospect at a cost that you can count in pennies. You are telling it *consistently* to more prospects than even the most agile salesman could hope to reach. *You are freeing your salesman, and his selling skill, for the pay off steps—the steps that get the order.*

That's Mechanized Selling at Work!

*Not all companies know what one sales contact costs, but recent studies show that it averages well above \$5.00 per personal call.

Have you read "ORDERS AND HOW THEY GROW"? It's a fast reading 24 page booklet, discussing Mechanized Selling in terms of its helpfulness to the man who sells. We'll be glad to send you a copy. We know you will find it of interest.



I N F O R M A T I O N

330 West 42nd Street, New York 18, N. Y.

If You Manufacture Timing Devices . . .

You will be interested
in this story:

A novelty manufacturer believed he could sell quantities of an authentically styled miniature Grandfather's clock. But to produce such a clock he needed a dependable electric movement incorporating a pendulum action. The problem was presented to our SYNCHRON engineers. The result is the clock pictured above . . . an outstanding sales success two months after its introduction to the trade.

If you have a timing problem requiring clock movements, timing machines, or synchronous motors, may we submit quotations on SYNCHRON "timers"? If standard models will not apply, we'll design new ones to fit your requirements. Please write for details.
HANSEN MANUFACTURING CO., INC.
Princeton 10, Indiana . . . makers of

SYNCHRON

TIMING MOTORS—TIMING MACHINES
Since 1907—A pioneer in the design and
manufacture of Timing Motors.

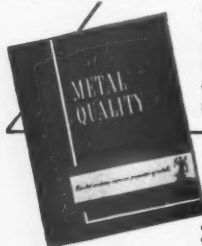


FORGINGS

Offer Many Sure-Fire Ways to
Reduce Costs at the
Point of Assembly

Forgings permit reduction of dead weight because maximum strength and toughness are obtainable in lighter sectional thicknesses. The metal quality and cost reducing advantages obtainable in forgings cannot be equaled or duplicated. Recheck every stressed part in your equipment and consult a

forging engineer about possibilities for reducing costs by using forgings.



Write for 60 page booklet on "Metal Quality" which shows how users benefit from all the inherent advantages of drop forgings.

DROP FORGING ASSOCIATION

605 ANNEX HANNA BUILDING
CLEVELAND, OHIO



SCENIC RAILWAY winds its way through southern Colorado—picturesque but . . .

Expensive Scenery for D.&R.G.W.

Denver & Rio Grande Western wants to stop passenger service on narrow-gage line that has been losing \$80,000 a year.

The Denver & Rio Grande Western R.R. is trying again to get the passengers off the nation's last major narrow-gage railroad line.

Once a day a train leaves Alamosa, in the mile-and-a-half-high San Luis Valley of southern Colorado, climbs over the Continental Divide via two-mile-high Cumbres Pass, and eventually reaches Durango, Colo., in the San Juan Basin. Although the 200-mile trip takes all day, the train passes through some of the most spectacular scenery in America.

• **Losses**—In spite of modernized equipment and in spite of efforts to promote travel, the branch line is losing \$80,000 a year. D.&R.G.W. figures that 98% of all passenger travel between the ends of the line is by auto over Wolf Creek Pass. It's about three hours that way. Buses, planes—and trains—share the other 2%. So the road has asked several times for permission to get rid of this drain on its resources.

The road estimates that \$300,000 of the \$3.5-million it has paid in taxes during the last 20 years to the seven counties along the line has gone into highways—which, of course, help the competition.

The road thinks that its only chance to recover the lost traffic would be to build a standard-gage line. That would require not only relocation of the track but also a tunnel through the Divide similar to the Moffat Tunnel in north-

ern Colorado which D.&R.G.W. uses. The job would cost at least \$20-million. Traffic expectancy doesn't justify it.

• **Hearings**—Residents of the San Juan Basin are fighting the move. The public service commissions of Colorado and New Mexico will hold hearings in January. If the railroad is successful there, it must then get approval from the Interstate Commerce Commission.

The road is now circulating a pamphlet through the San Juan area which points out its financial problems. It says that continued passenger losses will lead to higher freight rates. If freight traffic should then fall off, the road would seek to abandon the line entirely. That would mean big losses in local tax revenue. The pamphlet reminds San Juan residents of the road's role in developing the basin, and promises to continue this service.

• **History**—D.&R.G.W. was started in the early 80's by Gen. William J. Palmer, who figured that standard-gage roads never would be able to negotiate the steep grades and sharp curves necessary to cross the Rockies. Besides, narrow-gage was cheaper to build.

Hardly had the first few hundred miles been completed when the General was proved wrong on the first point. So the road's main lines between Denver and Salt Lake City have long been standard gage. Various narrow-gage branches, about 500 miles in all, serve southwestern Colorado with freight

The Employers Mutuals Man...



CUTS INSURANCE COSTS FOR THE EMPLOYER BY REDUCING DANGER FOR THE EMPLOYEE!

It's a great "triple-threat" team... employer, employee and the Employers Mutuals man! Together they fight against such unseen enemies as accidents and industrial health hazards... dangers that may cripple the individual, handicap production and raise costs.

The employer, who has experienced "production without peril" as a direct result of Employers Mutuals' humanitarian services, has also seen his premium costs go down... happy by-product of better, safer working conditions... as employee morale goes up! The employee, who appreciates assurance of humane consideration for self and family, sees potential dangers stemmed at their source by enlightened preventive measures.

And lastly, the Employers Mutuals Man—capable local representative of a mature, seasoned organization—points the way to these mutual employer-employee benefits by explaining insurance matters in simple, understandable terms. He will gladly show you how Employers Mutuals' skilled services... sparked by specialists in safety engineering, accident prevention, industrial hygiene, fair and considerate claim settlement... can be put to work for the benefit of your entire organization, and be reflected in savings on your insurance costs!

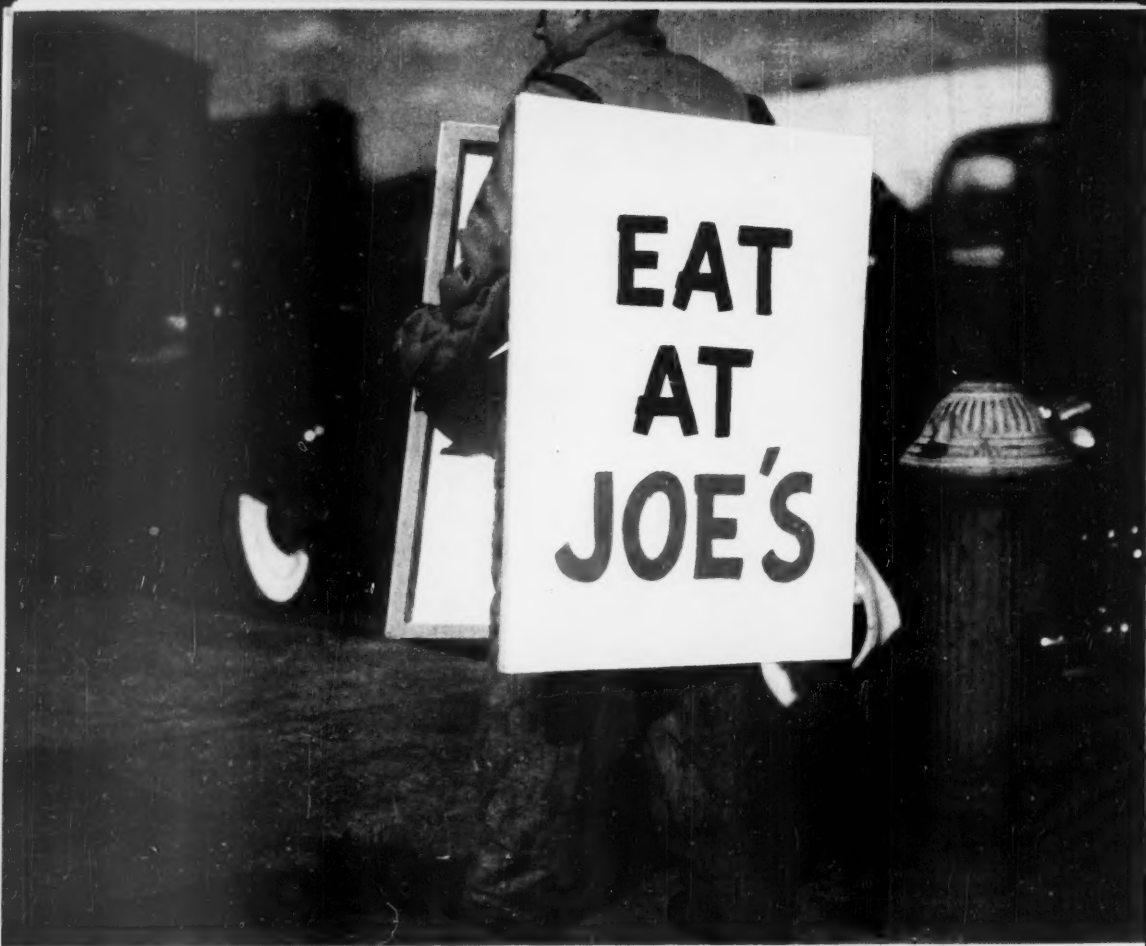
Employers Mutuals write: Workman's Compensation—Public Liability—Automobile—Group Health and Accident—Burglary—Plate Glass—Fidelity Bonds—and other casualty insurance. Fire—Extended Coverage—Inland Marine—and allied lines. All policies are non-assessable.



EMPLOYERS MUTUALS of WAUSAU

Home Office: Wausau, Wisconsin • Offices in principal cities • Consult your telephone directory.

EMPLOYERS MUTUAL LIABILITY INSURANCE COMPANY OF WISCONSIN • EMPLOYERS MUTUAL FIRE INSURANCE COMPANY



EAT
AT
JOE'S

Basic Formula: MEDIA

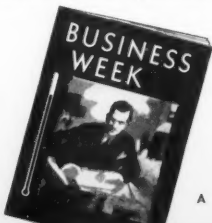
An advertising medium is any vehicle that brings the seller's wares to the attention of prospective buyers. The more prospects it reaches, the better the medium.

The medium itself—publication, radio, etc.—also advertises to get advertisers. And, it is a tribute to *Business Week* that so many media advertisers use the pages of BW to sell their own product.

REASON: Media advertisers are keenly aware that *Business Week* reaches the most highly concentrated audience of Management-men—executives who make or influence important buying decisions.

RESULT: *Business Week* carries more Media advertising than any other general business or news magazine. Media advertisers find it produces results, at less cost, because—

WHEREVER YOU FIND IT, YOU FIND A
MANAGEMENT-MAN... WELL INFORMED



Media Advertisers* in Business Week

American Girl Magazine
American Telephone & Telegraph Co.
Capper-Harman-Slocum, Inc.
Capper's Farmer
Columbia Broadcasting System, Inc.
Country Gentleman
Dallas Morning News
Household
Midwest Farm Paper Unit
The Oregonian
Philadelphia Evening Bulletin
Wall Street Journal
Woman's Day

*Source: Publishers' Information Bureau Analysis

A MCGRAW-HILL PUBLICATION

service. A long narrow-gage line to Santa Fe, N.M., was abandoned in 1941. If the road gets its way this time, the only narrow-gage passenger service it will provide will be on a passenger-freight which runs daily on a 41-mile spur.

SELL-LEASE DEALS NEAR LIMIT

Industrial firms may soon find it hard to raise capital by selling real estate and leasing it back. That's what an insurance executive predicted last week to the group of realtors meeting at the annual convention of the National Assn. of Real Estate boards.

Companies have used the sell-lease deal widely since the war to unfreeze fixed assets (BW—Apr. 17 '48, p. 96). But Henry Fisher, a chief field appraiser for the Equitable Life Assurance Society of America, told the realtors that his company has almost reached its legal limit of ownership of real estate. Furthermore, said Fisher, other companies are in the same boat.

Life-insurance companies domiciled in New York—and that includes most of the big companies—cannot put more than 3% of their assets into direct ownership of real estate. Other states have similar limitations.



Banking on the Run

This automatic teller allows you to do your banking without waiting. You put your deposit and bankbook—or loan payment—in a special envelope, drop it in the upper slot. You get a numbered receipt for your envelope from the lower slot. The bank returns your bankbook next day. The Package Machinery Co., of East Longmeadow, Mass., (which builds the machine) thinks it would make a fine bank "agency" in factories or stores. It's used now in lobby of Springfield, Mass., Institution for Savings.

AMAZING ASBESTOS! By K&M

**WILD ELECTRICITY—
THAT'S LIGHTNING...
WRECKER OF TREES...
DESTROYER... KILLER!**



ELECTRICITY TAMED

**IS A PRIZED ALL-AROUND SERVANT.
UNDER PROTECTIVE ASBESTOS
IT'S SAFELY CAGED IN WIRES
TO HEAT THE IRON THAT
SMOOTHES YOUR SHIRTS!**



**BORN IN POWER PLANTS
WELL-BEHAVED ELECTRICITY
COMES TO YOU FROM
SWITCHBOARDS AND OTHER
APPARATUS BUILT FOR
SAFETY AND SOUNDNESS
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EBONIZED ASBESTOS
AND MONOBESTOS**

High insulating capacity, great strength and easy workability have placed K&M Ebonized Asbestos and Monobestos in much fine electrical equipment. Compact insulation with a full safety factor comes from the specially developed K&M basic materials, precision-manufactured for extreme density. Yet machining, cutting, drilling and application are simple. Neither durability nor safety is normally affected by shock and vibration.

K&M electrical insulations of marked efficiency include various types and forms of asbestos. If you have a problem let us help solve it.

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information,
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As a citizen of the United States, you share in enjoyment
of the world's highest living standards. Your advantages
include public improvements and services beyond com-
parison with those of any other country...made possible
in great measure by the sale of state and municipal bonds
through this nation's investment banking system.

State and municipal bonds totaling close to $5\frac{1}{2}$ bil-
lion dollars were underwritten in the period 1910-1949
by Halsey, Stuart alone, or by groups which it headed
singly or with others. These bonds represented over
2200 separate issues and originated in all of the 48 states.

Attendant on this contribution to the nation's well-
being has been the service of Halsey, Stuart in providing
advantageous outlets to investors for their surplus funds.
Our latest municipal offering list is available on request.

REPRESENTATIVE MUNICIPAL BONDS

- State of California
 - 2¼% Veterans Welfare Bonds
- Sanitary District of Chicago, Ill.
 - 2½% Construction Bonds
- State of Connecticut
 - 1½% University Bldg. Bonds
- Council Bluffs, Iowa
 - 1¼% Sewer Bonds
- Nashville, Tennessee
 - 2% Street, Alley & Sewer Bonds
- New York City, New York
 - 3% Various Purposes Bonds
- State of North Carolina
 - 1¼% & 1½% Road Bonds
- School Dist. of Philadelphia, Penna.
 - 2% Bonds
- Roanoke, Virginia
 - 2% Various Purposes Bonds
- Seattle, Washington
 - 3½% Light & Power Rev. Bonds

HALSEY, STUART & CO. INC.

122 SOUTH LA SALLE STREET, CHICAGO 90 - 35 WALL STREET, NEW YORK 5 - AND OTHER PRINCIPAL CITIES

FINANCE BRIEFS

More stock is apparently being bought
by investors these days; less by traders.
The indication: More stock is being
registered in owners' names, for storage
at home or in safe-deposit boxes. In-and-
out traders normally leave their hold-
ings with brokers.

Fire losses reversed their usual seasonal
trend in October, fell 1.5% below Sep-
tember losses. Losses in October were at
a low for the year, says the National
Board of Fire Underwriters, and 5.7%
below the same 1948 month.

Pennsylvania veterans will put 72% of
the recently voted \$500-million state
bonus into their homes: 36% will spend
it in buying and building homes; 9%
for home repairs; 13% for home equip-
ment; 14% to reduce mortgages. About
21% will go for other debts, 3% for
new cars. The other 4% will save it.
Veterans of Foreign Wars made the sur-
vey.

Rail revenue in October was off nearly
25% from a year ago, says the Assn. of
American Railroads. Chesapeake &
Ohio Ry., a coal carrier, lost \$3-million,
compared with a \$3.1-million profit last
year. Nickel Plate, a more industrial
carrier, earned \$782,000, compared with
\$1,766,000 in the 1948 month.

General Electric Co. will repay next
week the second half of a \$50-million
bank loan it got in 1946 to help with
its postwar expansion program. The
loan still has two years to run. G.E.
also sold \$150-million of 20-year 2.55%
notes to the public in 1946; of these,
\$142.5-million are still outstanding.

Fewer stockholders: That's the unortho-
dox objective of some utility companies.
These utilities are seeking to cut num-
ber of stockholders who own less than
10 shares. Reason: Bookkeeping and
periodic reports cost \$1.50 to \$2 a year
per stockholder. These companies offer
to find buyers for small holdings and to
absorb commissions and transfer taxes.

Insurance merger: Postal Life & Cas-
ualty Insurance Co., of Kansas City, has
acquired St. Louis Mutual Life Insur-
ance Co. That raises Postal's life insur-
ance in force to \$35-million.

The Picture:—Acme—24 (rt.),
77, 99; Lynn Crawford—24 (lt.);
Int. News—20; Bob Isar—90;
Wide World—106; Dick Wolters
—22, 23.

In the Nation's Capitol — \$5,000,000 for renovation

PC FOAMGLAS FOR INSULATION

The two wings of the Capitol at Washington, which contain the Chambers of the House of Representatives and the United States Senate, are being reroofed and redecorated at a cost of about \$5,000,000.

An important addition to the new roofs is insulation, which must meet exceptionally exacting requirements. The material selected is PC Foamglas, the permanent insulation, which has met similar requirements successfully for years on all sorts of buildings.



This picture shows the two roofs being replaced. In each chamber, temporary girders were removed and a new steel-supported concrete roof deck was installed and then insulated with PC Foamglas. General Contractors: Consolidated Engineering Co., Inc., Washington, D. C.

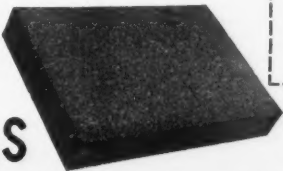
FOAMGLAS is the only material of its kind, different from the wools, boards and batts, the various fibrous and granular insulating materials with which you are already familiar. It contains no organic matter.

To make Foamglas, a very special kind of glass is subjected to a controlled heating process which produces strong, rigid blocks, composed of millions of tiny closed glass bubbles, full of still air. Because it is made of glass and because of its cellular structure, Foamglas is an exceptionally effective insulating material.

Foamglas is light in weight, rigid and strong. It is moistureproof, fireproof, acidproof, verminproof. Foamglas withstands high humidities, minimizes condensation and is impervious to many elements that cause other materials to lose insulating efficiency. When properly installed, PC Foamglas retains its original insulating effectiveness — permanently.

Since it needs no costly repairs, replacements or maintenance, first cost is last cost when you use PC Foamglas. And that makes it an exceptionally economical insulating material.

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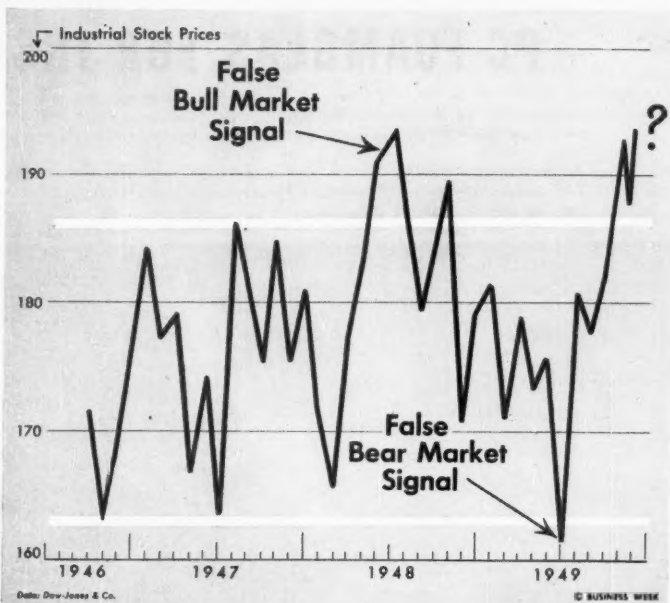
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THE MARKETS



Bull or Bear—Still a Question

It takes a well-established trend before you can read any significance into stock-price behavior. Even if industrials do break through, it may be just another false alarm. Best policy: wait and see.

Around this time of the year, management men usually take a look at the stock market to see if it can tell them anything about business in the coming year. But at the moment, there's no use wasting your time. Wall Street is coming toward the end of 1949 without knowing whether it has a bull market or a bear market on its hands.

• **Near Miss**—For almost a month now, the Dow-Jones industrial average has been trying to poke through its 1948

high (193.16). Last week it almost made it. But the penetration wasn't decisive enough to satisfy even the most optimistic bulls. At the middle of this week the market was stymied again.

If the industrials should manage to get through into new high ground, that would be a strong bullish signal. But the traditional market signals haven't meant much in the past couple of years.

Back in the summer of 1948, traders got a clear-cut bull signal when the market broke through its 1947 high. And only six months ago, they got an equally decisive bear signal when the industrials went to a new postwar low.

Both signals were pure booty traps. You would have lost money if you had bought or sold stocks on the strength of either. And you probably would have lost more if you had taken them as clues of the business outlook.

• **A Trend Is Needed**—Before you can read any business significance into the stock market these days, you need a well-established trend in prices—not just the penetration of a single point.

The market has taken so long with

Security Price Averages

	This Week	Month Ago	Year Ago
Stocks			
Industrial	158.4	154.1	156.4
Railroad	39.4	38.6	39.3
Utility	80.0	79.3	79.0
Bonds			
Industrial	100.7	100.3	100.0
Railroad	80.5	80.8	81.7
Utility	99.8	99.5	99.2

Data: Standard & Poor's Corp.

its latest test that time is now running short. We are coming up to the time of year when traders and investors sell stocks to establish gains or losses for tax purposes. Almost invariably, that produces a period of weakness during late November and early December.

• **Bide Your Time**—If the industrials don't make their breakthrough decisive

in the next few sessions, this seasonal slump will catch up with them. And even if they do manage to get through the resistance point, there won't be time to establish a trend. Hence, the odds are that we will have to wait until the traditional year-end rally—in late December and early January—to find out where the market is going.

Stock Prices: '46 Highs; '49 Lows—and Today

Standard & Poor's Weekly Stock Indexes (1935-39=100)
Nov. 16, 1949

Stock Group	1946	1949	Nov. 16,	compared with	
	High	Low	1949	1946 High	1949 Low
Utility holding companies.....	160.0	104.5	151.7	- 5.2%	+ 45.2%
Soaps.....	149.1	118.1	163.4	+ 9.6	+38.4
Paper.....	328.6	218.5	300.8	- 8.5	+37.7
Leather.....	221.9	58.9	77.6	-65.0	+31.7
Dairy products.....	250.1	160.7	210.6	-15.8	+31.1
Ethical drugs.....	165.4	113.9	148.4	-10.3	+30.3
Fertilizers.....	305.4	188.3	242.5	-20.6	+28.8
Finance companies.....	113.1	90.7	115.4	+ 2.0	+27.2
Radio broadcasting.....	224.1	108.7	137.9	-38.5	+26.9
Food chains.....	248.6	169.2	211.6	-14.9	+25.1
Chemicals.....	151.8	121.9	152.0	+ 0.1	+24.7
Building materials.....	161.8	100.0	124.6	-23.0	+24.6
Office, business equipment.....	165.1	140.2	173.5	+ 5.1	+23.8
Gold mining (U. S.).....	106.8	59.1	72.6	-32.0	+22.8
Distillers.....	633.8	249.4	303.8	-52.1	+21.8
Television, electronics.....	*	115.0	139.9	*	+21.7
Automobiles.....	166.0	106.3	128.9	-22.4	+21.3
Soft drinks.....	188.4	108.9	151.9	-30.0	+21.1
Agricultural machinery.....	160.5	106.0	127.4	-20.6	+20.2
Low-price common stocks.....	315.7	102.4	123.1	-67.6	+19.2
Capital goods stocks.....	147.0	103.4	122.9	-16.4	+18.9
Steel.....	159.5	104.6	123.1	-22.8	+17.7
Textiles.....	312.0	191.0	224.6	-28.0	+17.6
Copper.....	147.1	96.2	112.6	-23.5	+17.0
Baking, milling.....	177.0	148.1	173.1	- 2.2	+16.9
Mail order, general chains.....	241.1	162.1	189.0	-21.6	+16.6
All industrial stocks.....	163.2	115.6	134.7	-17.5	+16.5
Printing, publishing.....	285.5	96.8	112.4	-60.6	+16.1
Coal.....	240.7	190.9	221.1	- 4.2	+15.8
Machinery.....	154.6	97.3	112.4	-27.3	+15.5
Composite index.....	188.6	110.7	137.7	-19.5	+18.4
Department stores.....	345.8	173.8	200.5	-42.0	+15.4
Consumer goods stocks.....	175.8	115.3	133.0	-24.4	+15.4
Electrical equipment.....	133.3	86.0	98.9	-25.8	+15.0
Confectionery.....	130.5	109.2	125.5	- 3.8	+14.9
Oil.....	169.8	148.4	170.4	+ 0.4	+14.8
Shipping.....	459.7	334.2	382.6	-16.8	+14.5
Auto parts, accessories.....	170.2	96.5	110.5	-35.1	+14.5
Tobacco products.....	105.1	77.8	88.9	-15.4	+14.3
Glass containers.....	162.9	86.9	99.1	-39.2	+14.0
Utility operating companies.....	132.6	94.1	107.2	-19.2	+13.9
Meat packing.....	203.0	105.7	120.2	-40.8	+13.7
High-grade common stocks.....	135.5	108.7	123.1	- 9.2	+13.2
Shipbuilding.....	244.7	157.2	177.2	-27.6	+12.7
Household supplies.....	169.9	89.2	100.4	-40.9	+12.6
Metal containers.....	94.0	68.8	77.5	-17.6	+12.6
Air transport.....	593.1	193.3	216.4	-63.5	+12.0
Natural gas.....	*	166.2	185.5	*	+11.6
Motion pictures.....	350.3	142.7	158.8	-54.7	+11.3
Aircraft manufacturing.....	183.1	96.3	106.7	-41.7	+10.8
5c, 10c, \$1 chains.....	156.9	118.3	130.7	-16.7	+10.5
Railroads.....	168.8	87.0	95.6	-43.4	+ 9.9
Shoes.....	144.7	106.9	117.4	-18.9	+ 9.8
Tires, rubber goods.....	307.4	157.0	172.4	-43.9	+ 9.8
Mining, smelting.....	113.0	70.3	76.0	-32.8	+ 8.1
Lead, zinc.....	139.7	85.1	91.2	-34.7	+ 7.2
Proprietary drugs, cosmetics.....	230.3	123.5	132.1	-42.7	+ 7.0
Metal fabricating.....	178.2	90.3	96.4	-45.9	+ 6.8
Telephone, telegraph.....	129.1	87.3	92.8	-28.1	+ 6.3
Railroad equipment.....	153.5	74.8	77.6	-49.5	+ 3.7

* New index.

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November 10, 1949

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November 10, 1949



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Vice Pres. & Treasurer

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Want to see what "clues" looks like? Just turn to page 110.

LABOR



Another Group of Pensioners

Ford extends plan to white-collar workers; its action points a moral for other employers. Other developments: Bell pensions run into union opposition; Inland's plan departs from "pattern."

Management's stepped-up pension costs won't stop with production-line workers. Inevitably, industry will extend its pension program to salaried employees, too.

This was one of three important facts that came out of pension bargaining during the past week. The others: Management can run into trouble if it tries to meet \$100-a-month pension patterns without consulting its union; management doesn't have to hitch its wagon to the star of Bethlehem; it can sell its union a nonpattern pension if it has something good to offer.

• **Ford Covers Salaried Workers**—Ford Motor Co. announced last week that its new pension plan will be duplicated among salaried people, and that the plan set up for hourly paid workers will be improved on if white-collar employees want to contribute to the cost of higher retirement pay.

Company president Henry Ford II wrote all salaried personnel last week to explain the company's plans for white-collar workers. He told them that the basic plan for salaried personnel would be just like that set up for Ford factory workers (BW—Oct. 8 '49, p. 88).

Employees will not have to contribute to the cost of the basic plan-

which provides a total pension of \$100 a month (including social security) for all employees retiring at 65 after 30 years of service. Employees retiring at 65 with less than 30 years' service will get a proportionate total pension (again including social security). The plan will go into effect for white-collar workers next Mar. 1; pension payments will begin a month later.

• **Additional Benefits**—The alternative white-collar program continues from that point. If salaried workers want to, they can enlarge their benefits at retirement age. They can elect to make joint payments to a supplementary pension plan.

Ford has not yet announced details of this supplementary program. It still must work out the precise contributions to be made by employees and the company, and the benefits to be paid. But it announced that employees must complete two years of service to be eligible for the supplementary program—and that a pension plan now in effect for salaried personnel will be merged with the new one with no loss of credits.

• **Unilateral Action**—Meanwhile, one other major employer took steps to bring an existing pension program into line with the new \$100-a-month pat-

tern—and immediately ran into trouble.

The Bell Telephone System announced this week that it was boosting its \$50 minimum monthly pensions to \$100 a month for those having 20 years or more of service at age 65. For those retiring before age 65, with at least 20 years of service, the pension minimum will be \$75.

• **Complaint**—The Communications Workers of America (C.I.O.), which claims to represent 320,000 phone workers, objected to the Bell action. It said it would file charges of unfair labor practices with the National Labor Relations Board. Its reason: Bell made the changes "in complete disregard of normal collective-bargaining procedures." The company introduced the changes, says C.W.A., "without consulting the union."

C.W.A. agreed, however, that the \$100-a-month minimum pension has been one of the basic objectives of the union since its 1947 nationwide strike.

• **Away From the Pattern**—The Inland Steel Co. recently worked out a compromise between a new noncontributory pension plan and an existing program in contract talks with the United Steelworkers (C.I.O.). The Inland agreement breaks away from the Bethlehem Steel pattern (BW—Nov. 5 '49, p19) on which the great majority of steel employers settled.

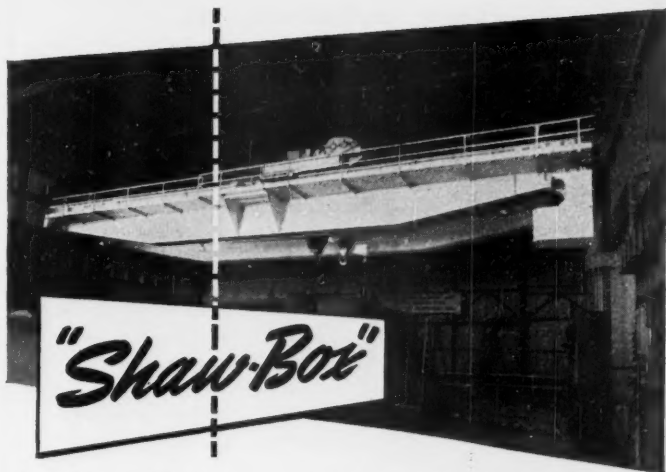
At Inland, plant employees may decide either (1) to sign up for the Inland equivalent of the Bethlehem noncontributory plan, or (2) to stay under an existing Inland retirement plan. U.S.W.'s president, Philip Murray, did not sign this agreement at the international-union level—as he usually does—but he did agree to let the local sign the pact.

• **Choice**—So, under the new contract, Inland will have two pension programs: a Bethlehem-type noncontributory plan, and its own old retirement-pay program. This plan provides that:

(1) An employee may quit his job, after five years of service, and still be entitled to a pro-rata pension at retirement age. He isn't chained to his boss for life.

(2) An employee can provide for his wife. In Bethlehem's plan, pension payments continue only as long as the retired worker lives. When he dies, pension payments stop. The alternative Inland plan provides that the retired worker can elect to take smaller monthly payments during his lifetime, and have payments extended for the life of his wife if she survives him.

• **Approval**—Inland says its plan recognizes "the dignity of the individual worker." Four of the five local union officers who signed the new contract announced they would continue in Inland's existing program, rather than take the new one.



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In the Clear

Most suggestion systems do not make employers liable for extra overtime pay, says Wage-Hour Division.

Have you been worrying about your suggestion system? Afraid that the wage-hour act makes you liable for overtime payments on the time your workers spend figuring out suggestions? You can relax.

• **New Opinion**—The problem was raised back last March by a decision of the Wage-Hour Division of the Labor Dept. Now a new opinion by the division seems to have settled it.

The heart of the old decision was that time spent by employees in working out usable ideas must—in some circumstances—be counted as time worked. And it also said that payments for such ideas must be counted when you figure your employees' regular rate of pay—on which overtime pay is based under the Fair Labor Standards Act.

Trouble with the old decision was that it didn't make clear what the circumstances were under which it would or would not apply to a specific case. Result: Employers who encourage their workers to submit suggestions—either for regular suggestion-system awards or in special contests—began to see new specters of inflated overtime bills.

• **Exempt**—The new opinion lays these specters to rest by listing the conditions under which the old decision does not apply. And they seem to cover most cases. The nub of it is that you don't have to worry if substantially all of your workers are invited to participate, and if "no specific assignment is outlined to employees to work on or develop."

But you are still liable if:

(1) The making of suggestions is "connected with the usual and customary duties" of an employee.

(2) You require or urge an employee to make suggestions as a condition of holding his job.

(3) You lead an employee to believe "that he will not merit promotion... unless he submits suggestions."

• **The Old Decision**—The decision last March advised a bank that time spent by employees in a contest for new business—which involved outside soliciting on the employees' own time—must be counted as working time. But in response to further questions, the Wage-Hour Division amplified its position: It held that if an employee spends "considerable time" in detailed work, the time must be counted as actual time worked.

• **Distinction**—At the time, the Wage-Hour Division drew a distinction be-

tween (1) ideas worked out at home, in detail, with considerable time and effort; and (2) those which occur on the job, and which are jotted down in general terms on suggestion blanks, and dropped in a box provided for that purpose. The division said the second group needn't be considered to be time worked.

That still left the status of many suggestion systems way up in the air. And the confusion and uncertainty came at a bad time: This year, many employers are going out after employee suggestions more aggressively than ever before.

• **Incentives**—Many industrial employers now offer awards ranging to 50% of the first year's savings—or return—from a suggestion that's adopted. Payments up to \$1,000 aren't unusual—and every now and then, some run much higher.

Obviously, the most valuable ideas aren't the ones that come up all of a sudden and are dropped immediately into a suggestion box. Mostly, they're the ones that involve a lot of thought, and often a lot of work in a man's home workshop. One recent high-pay award by a major company, for instance, went to an employee who had spent his spare time over a period of six months figuring a way to redesign a machine. If the hours involved had to be counted as working time, the employer would be in for a big extra-pay bill.

Supreme Court to Rule On Part-Time Foremen

The National Labor Relations Board is carrying its fight for Taft-Hartley coverage for part-time supervisors into the Supreme Court.

The U.S. Circuit Court of Appeals at Cincinnati held, two months ago, that employees who direct other workers, even though only in emergency situations, are "supervisors"—excluded from T-H coverage (BW—Sep. 17/49, p107).

Last week NLRB formally petitioned the Supreme Court to review the case. The board said that the Cincinnati decision, unless upset, will exclude from T-H coverage "at least 200,000" part-time supervisors and craftsmen who have helpers. All of them, NLRB explained, "have traditionally been regarded as not supervisors."

• **Objections**—NLRB objected particularly to the lower court's findings that:

(1) An employee need only possess the "power" to supervise in order to meet the T-H test of a supervisor.

(2) The T-H definition is clear and does not need interpretation through a review of the legislative history of the definition, or of preexisting and traditional meanings of the word.

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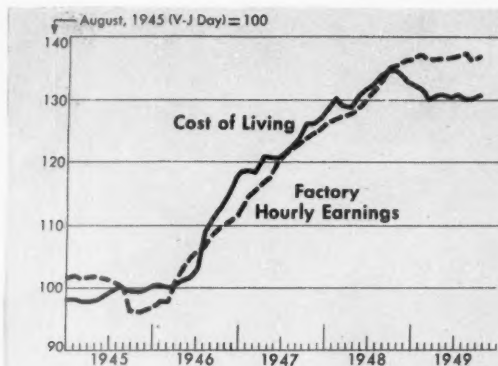
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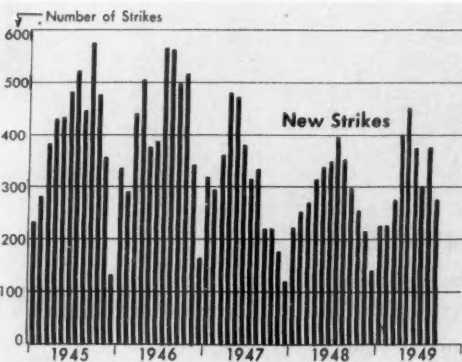
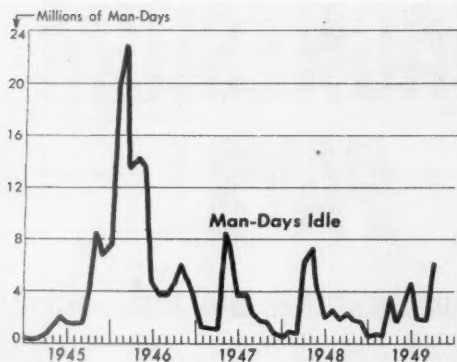
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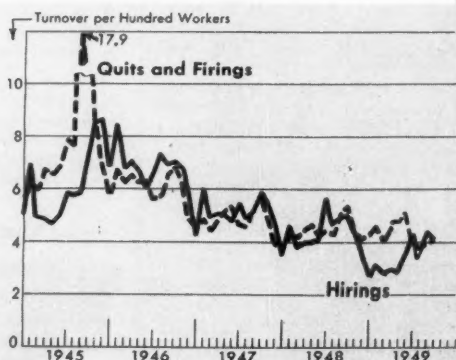
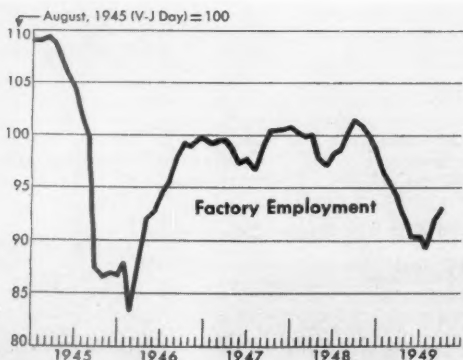
A Quick Appraisal of the Labor Market's



The Worker's Buying Power



The Strike Picture



The Labor Market

Data: Bureau of Labor Statistics.

© BUSINESS WEEK

Balance Sheet

Cost of living and hourly earnings hold steady in third quarter—but labor's fourth-round gains don't yet appear.

This third-quarter picture of the labor market reflects a recent revision in BLS statistics. So chart-pattern differences show up in factory hourly earnings and factory employment when the charts are compared with those published three months ago (BW—Aug. 20 '49, p. 92).

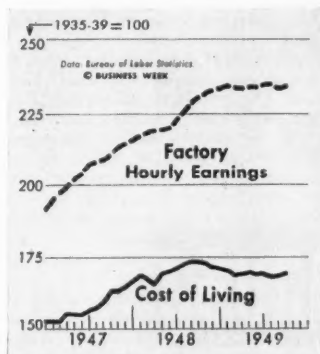
The revision accounts for: (1) the fact that factory hourly earnings now appear well above the cost of living; and (2) the lower level of factory employment shown in the current chart. But neither of these revisions alters the familiar profile significantly. BLS says the revisions were necessary to correct what it calls an "overstatement of employment" over a three-year period (BW—Oct. 1 '49, p. 24).

The new charts show that living costs continued fairly firm during the third quarter—at about the same level as last February. Factory hourly earnings also were steady—but remember that the figures do not reflect 1949 hikes in pension, insurance, and other "fringes."

The factory work week continued to climb in the third quarter, to 39.6 hours.

Man-days idle moved to a new high for the year—and the highest level since April, 1948. But the number of new strikes was substantially less than in the second quarter of 1949.

Factory employment continued way below 1948 levels. But figures for the third quarter of 1949 show a normal seasonal climb. Quits and hirings balance for the quarter.



RELATIONSHIP of hourly wages and the cost of living on a prewar base.

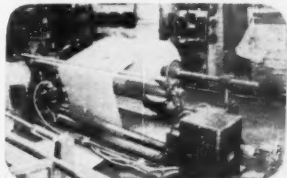
BUSINESS WEEK • Nov. 26, 1949

How can you take the MYSTERY OUT OF ELECTRONICS?

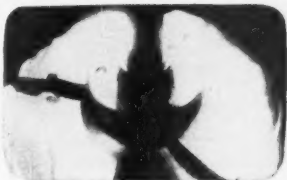
See this film and find out!



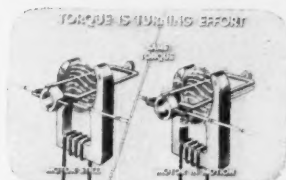
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2... students will absorb electronic tube fundamentals quickly and easily. Moreover, this course highlights important electronic applications such as photoelectric surface scanning systems (above). It takes its audience into industry's laboratories, shows how...



3... photolithening equipment rotating at 40,000 rpm reveals metal failures (above) in the making! Students are led easily and logically from one "lesson" to the next (12 in all). Reviews precede each lesson. A high point is the subject of electronic motor control.



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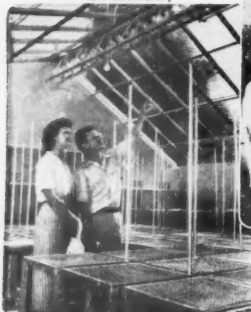
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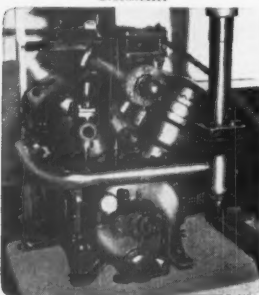
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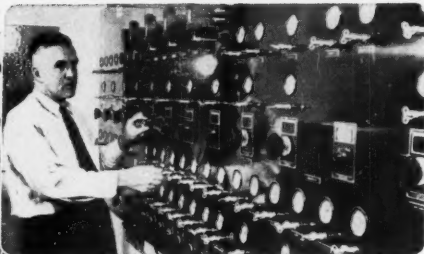
Dr. Frits Went at Control Board of the Plant Laboratory



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As Ladies Like It

If you want to keep women workers in your plant, it pays to give them extra comforts, says Soss Mfg. Co.

Since the war, a lot of women workers have switched from overalls and lathes to aprons and vacuum cleaners. And a lot of employers, to their own surprise, have watched the factory-to-fireside trek with regret.

True, some who had opened plant doors to women for the first time during the war found their misgivings well founded. But others were agreeably surprised at how well the "slacks and cap girls" fit into production lines. These are the employers who would like the women to stay.

• **Advice**—Last week, companies that still are trying to keep a stable, happy women's work force got some fresh advice. It came from an old-timer, the Soss Mfg. Co. For a quarter-century, this company has been employing women in its Detroit plant.

Soss has about 450 persons making hinges for automobiles, furniture, and general building purposes. About half are women. They do a wide variety of metalworking operations, including some light jobs on heavy presses. The percentage employed, and the work they do, has held at about the same level prewar, wartime, and postwar.

• **Recipe**—Soss hasn't had any trouble keeping women employees. Many have stuck for years and years—their average age is 35 years, and 85% are married. Soss lays its low turnover-rate among women mainly to one thing: It long ago learned the secret of "living with" women employees. Soss says it takes some special treatment to satisfy the whims and fancies of feminine workers. But it pays off in a stabilized work force, high morale, efficient plant operation.

Here are Soss's tips on how to keep women workers happy:

(1) Women in factories are as vain as their sisters outside. If they have grease-smudged faces, it's no sign that they don't care how they look. Soss knows that women want to primp and preen when their shift is over. So it provides extra-large, chrome-plated mirrors in rest rooms. The mirrors are well lighted—there's no danger of crooked lipstick and smeared powder.

(2) Women want locker rooms to be clean and ample. They grumble about conditions that men workers accept as a matter of course. So Soss has lockers with plenty of room for hats, shoes, and clothes—even for fur coats. The locker room itself is larger than the one the men rate. And a full-time matron sees



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stand for the finest in *air compressors*—ranging from small verticals to huge horizontals. And for many other machines (see page opposite) to serve farm, factory and town, you, too—in Melbourne or Minneapolis—can benefit from

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WORTHINGTON



THE SIGN OF VALUE AROUND THE WORLD

to it that it's kept clean at all times.

(3) Women want plenty of hot water for cleaning up after the day's work. And a woman's idea about what is "hot" differs a lot from that of men. So Soss now sees to it that the hot water in the women's rooms is kept at a higher temperature than elsewhere.

(4) Women's faces and hands are more tender than those of men, so women are more particular about the kind of soap you give them. Soss uses a top-quality liquid perfumed soap. It costs more, and doesn't get the grime off any better than the soap the men have; but the women's soap gripes stopped right away when the change was made.

(5) Soss found years ago that women workers favor a more personalized employer-employee relationship than is customary for men. So the rule is: Know women employees by their first names; take time out to talk to them; always let them know that the company knows what they're doing—and appreciates it.

(6) Women like to operate their "own" machines and equipment. They have a great pride of possession. They want "their" machines to be shipshape, and tools and supplies tidy. So Soss assigns machines to its women workers on a "for keeps" basis, and never makes a change unless it has to. One woman has operated the same welding machine for twelve years.

LABOR BRIEFS

Free turkeys were handed out this week by Wollensak Optical Co. to 630 Rochester (N. Y.) employees who returned after a five-week strike. The company said it didn't want them to have skimpy Thanksgiving dinners as a result of the plant tieup.

I.U.E.-U.E. elections will be held despite NLRB's rule against polls that might upset an existing labor contract. An associate general counsel of NLRB told employers that U.E. contracts running into 1950 won't bar quick elections.

New contracts have ended a three-month strike in Idaho lead and silver mines. C.I.O.'s mine-mill union, representing 2,200, settled for a contributory welfare program, same wage rates as before.

"We're not right-wing," insist C.I.O.'s anti-Communist leaders. The union's program, they say, "is over to the left of center." They were answering Communist charges that the C.I.O. is heading "lickety-split down the road to reaction."



AN OPEN BRAWL for control of important New York port jobs opens new round in . . .

Left-Right Fight in C.I.O.'s Maritime Union

Left-wingers in the National Maritime Union (C.I.O.) swung into action last week. Taking advantage of the absence from New York of Joseph Curran, right-wing president, and other N.M.U. officers, several hundred leftists raided N.M.U. national headquarters, tried to take it over. They said

their action was a protest against "dictatorial" ousting of leftists in New York offices. But N.M.U. charged it was just another step in a "Kremlin-ordered disruptive drive" to weaken U.S. unions. Curran beat the leftist move—at least temporarily—when he quickly flew home from Texas.

New World Labor Body to Fight Left

Anti-Communist unions from many countries—including both A.F.L. and C.I.O.—meet in London to form new federation.

The western democracies will make an important new bid for world labor support in London next week.

Anti-Communist unions will formally launch their rival to the Soviet-sponsored World Federation of Trade Unions. Their new confederation—limited to "free, democratic unions"—is being born with a big assignment: to mobilize European industrial workers, and others throughout the world, against spreading communism.

• **Unifying Force**—The new, democratic labor body is bound to have a strong impact in the current East-West tug-of-war for power. The non-Communist labor unions in France, known as the Force Ouvrière, now have no important international ties; the same thing is true of the non-Communist unions in Italy and elsewhere. Each stands alone, with only limited and unofficial help from across national borders. That's not true of Communist unions in the same countries. They have the outright support of W.F.T.U., and the power

of the Russian government is always implicitly behind them.

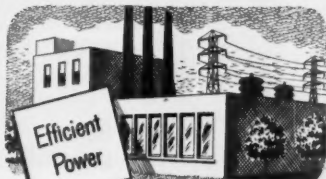
The intent of the West's new world group is to unite the scattered anti-Communist unions into a strong international body—one with the wealth and prestige of American and British unions supporting it, and the official endorsement of the United States and British governments. That will mean new moral support, and material assistance, against communism.

• **Assistance**—Just what kind of "material assistance" the unions in western democracies intend to give isn't clear. They are limited, naturally, in the extent of financial help—loans or otherwise—that they can give. They don't have the money for a union "Marshall Plan" to help fight labor Communists.

But such unions as A.F.L. and C.I.O. will now be able to come out in the open with many of their programs abroad—to fight Russian propaganda, to help lift economic standards abroad. American unions already have been

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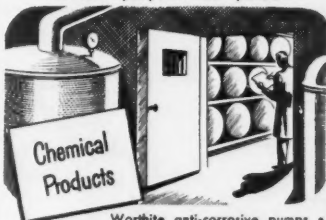
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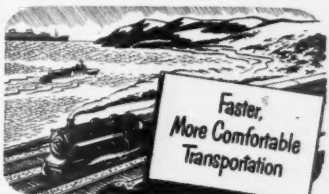
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working at this, in some instances underground. Among other things, they have sponsored free-trade-union rallies; they have distributed papers and pamphlets explaining the Marshall Plan and debunking Russian propaganda.

• **A.F.L.-C.I.O. Cooperation**—The new international venture may have long-range importance within the U.S., too. For the first time, A.F.L. and C.I.O. are working together in close harness.

Conceivably, the growing collaboration on the international front may lead to cooperation on mutual problems in this country. It's not too long a step from that to an outright merger.

Both A.F.L. and C.I.O. are represented at the London conference by 10-man delegations. William Green, president of A.F.L., heads the group from the federation; Walter Reuther, president of the United Auto Workers, is chairman of the C.I.O. delegation—as personal representative of Philip Murray.

• **Withdrawal**—C.I.O. belonged to the Communist-dominated W.F.T.U. until last January. It quit the world labor body at that time, along with the British Trades Union Congress and Dutch unions, in protest against Communist use of W.F.T.U.

B.T.U.C. took the lead immediately to organize a "free" world labor organization. It got a quick response from C.I.O. and A.F.L., from Canadian and Latin American unions, from many labor organizations in western Europe and Scandinavia, and from a few groups from the Near East and Asia.

• **Threat**—Initially the International Federation of Free Trade Unions can present a solid front. It's united by strong anti-Communist sentiment. But there are sharp differences of opinion abroad—which threaten the new group's solidarity—on what to offer instead of communism.

For instance, there's some coolness already between Catholic trade unions and Socialist labor groups. This won't show up in I.F.F.T.U.'s drive against communism. But it may flare up when the world organization begins to draft a positive program.

• **Counteroffensive**—But, in the meantime, W.F.T.U. isn't standing idly by in the international struggle. Currently, it's holding a regional conference in one of the most strategic world areas—the Far East. Sessions in Peiping are the opening step of a campaign to line up Eastern workers in support of the Soviet bid for Asia and the Middle East.

And W.F.T.U. also is busy setting up "trade internationals" of Communist-line unions of dock workers, miners, metal workers, and similar key groups. The strategy: Control of such organizations as these, leading to international strike collaboration, can be a potent weapon for Communist programs.



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INTERNATIONAL OUTLOOK

BUSINESS WEEK

NOVEMBER 26, 1949



Despite official denials, U. S. aid for Southeast Asia is in the making.

Plans are still in an early stage. Right now, they look like this: Next year, when ERP and military aid come up in Congress, Truman is to ask for special funds for the Far East. At the same time, the U. S. would help Britain get its wartime debts to India scaled down.

Congress will be told the new plan has these strong points:

It will bolster an area threatened by communism.

It will ease the drain on British resources that has resulted from repayment of the sterling debt.

It will loosen Britain's hold on the Indian market.

•
The new aid plan won't be put into final form, of course, until the U. S. has reshaped its whole Far East policy.

And that will have to wait until Ambassador Jessup gets back.

Jessup is leaving for Tokyo before Christmas. His junket will take him to just about every country out there except Communist China. (India and Indonesia will be his major stops.)

What's more, by the time Jessup is back, the Administration may decide on another approach. It might merge ERP, military aid, and help for Southeast Asia into a single aid program.

•
Washington is finally stirred up over the Angus Ward case. (Ward was U. S. Consul General in Mukden, Manchuria. He was jailed by the Communists when he tried to leave.)

Secretary Acheson has asked 30 countries, including Russia, to join the U. S. in asking for Ward's release.

Next step: putting the problem in the hands of the United Nations. That would have an added advantage—it would block UN recognition of Communist China.

•
Secret U. S.-British-Canadian financial talks have been going on in Washington.

The experts are discussing business dangling from the ABC conference in September—Britain's sterling balances; U. S. customs procedures; the dollar-sterling oil question (BW-Nov. 19'49, p125).

Now the problem of plugging the leaks in Britain's exchange controls has come up.

Cameron Cobbold, Governor of the Bank of England, arrived here last week to talk that one over.

Cobbold is worried about the new market in transferable sterling. Through it, dollars earned by exports from the sterling area to the U. S. reach third countries instead of Britain (BW-Sep. 3'49, p89).

•
French steel interests aren't keen about rushing into a steel cartel with Germany.

They would like to wait until their own new strip mills are in high gear. They figure this would improve their bargaining position.

Meanwhile, the industry is quietly pressing the government not to give up import quotas on steel.

This may be a vain hope, though. French steel users want the quotas dropped. Reason: French steel costs 30% more than most foreign steel.

Thus, officials of the state-owned Renault auto works say it would pay

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
NOVEMBER 26, 1949

them to import U. S. steel if they could, despite transport costs and duties.

•
The Bidault government may be in hot water soon.

French labor is threatening to strike over a pending law that would bring back collective bargaining. (Now wages are set by the government.)

The unions complain that the proposed law won't really free wages. Also, they don't like provisions that would tie wages to productivity.

•
Bidault faces trouble in his cabinet, too.

On the left, the Socialists are still gunning for Finance Minister Petsche's liberal trade policy. They may decide at a national congress in December to oppose the plans for a French-Italian-Benelux union.

On the right, there's sure to be opposition to the tough budget Petsche plans for next year.

Petsche wants to boost direct taxes by 68%. Among other things, he plans a new 10% tax on undistributed profits. The total tax load would grow to 31% of national income. It was 24% during the past year.

•
French trade officials are fed up with the U. S.-sponsored ban on exports of war potential to Russia.

The French claim the ban is hurting business for no good reason. Now that Moscow has the atom bomb, they say, what difference would a few machine tools make?

The fact is that France has machine tools it can't sell elsewhere. Buyers behind the Iron Curtain would grab them off.

Then this bothers the French: The Russians recently backed out of a juicy trade treaty because Paris wouldn't sell them two tankers.

•
Secretary Acheson has decided the U. S. can have too much of a good thing, such as visits from foreign dignitaries.

The trouble is this: Visitors may feel that a personal appearance will automatically unlock the vaults of the U. S. Treasury. When this doesn't happen, there's bound to be a letdown. And that hurts U. S. relations abroad.

Acheson's decision won't affect the coming visit of the Pakistan Prime Minister, of course. He will follow India's Nehru and the Shah of Iran.

But in the future such junkets won't be arranged so lightheartedly.

•
The U. S. is leasing about 100 B-29's to Britain under the Foreign Arms Aid Program.

The Air Force has been talking with the British about the deal for the past two months.

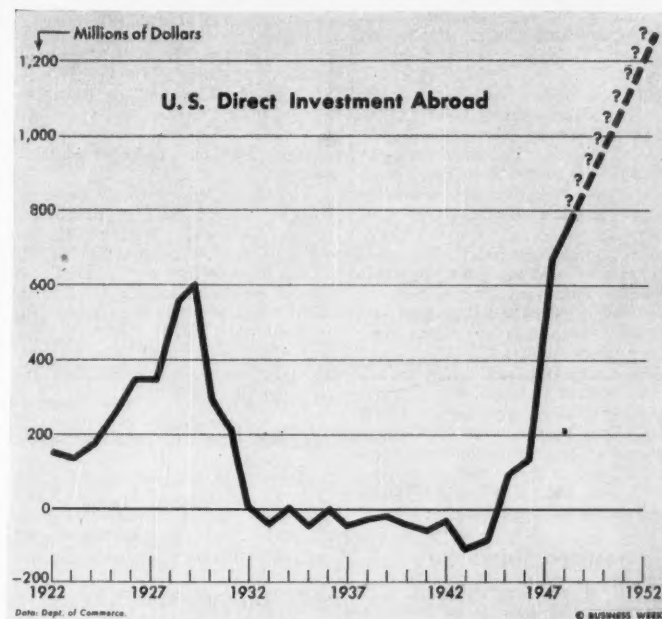
The British have refused to buy the B-29's outright on the ground that they are outmoded. As a compromise, London finally agreed to take them on lease. That uses up less of London's arms aid fund.

•
A new lend-lease system will be worked out under the Atlantic Pact—for use if war should come.

The job will be handled by the Defense Financial and Economic Committee, which was set up last week.

Committee headquarters will be in London. Members will be ministers or ambassadors from the 12 Atlantic Pact nations.

BUSINESS ABROAD



Can Point 4 Reach Its Goal?

Washington hopes for \$2-billion a year private U. S. investment abroad by 1952. But its two main tools—investment treaties and investment guarantees—don't seem adequate to do the job.

Has President Truman's Point 4 program been oversold to an eager world? The answer to that is almost certainly, "Yes."

The hard economic facts of a world in the throes of social revolution, plus a sharp split in thinking between U.S. businessmen and government officials, is rapidly reducing Truman's "bold new plan" to little more than a pious hope.

• **Dilemma**—Point 4—the somewhat indefinite program Truman tossed into his inaugural speech for raising living standards in backward areas—is still important U.S. policy. It's intended as a long-range answer to world communism. And Washington is still counting on Point 4 to increase private investment abroad, and thus to chip \$2-billion a year off the world's dollar deficit after 1952.

But the basic Point 4 dilemma is this: The doctrine of Cal Coolidge—that the American flag follows every American investor and will protect him anywhere—is obsolete. And there's nothing

to take its place—except the hope that international understanding will afford equal protection. One Administration official puts it bluntly:

"Our real job is to get U.S. businessmen to pioneer abroad with the full knowledge that two will go under for every one that makes good."

• **Government Planning**—This week officials in nearly every government department are mulling over some aspect of Point 4. They are studying bilateral treaties to protect the U.S. investor and ease his tax burden. They are working on plans which will guarantee U.S. investments abroad against certain risks.

State and Commerce Dept. officials are plodding through negotiations for new investment and trade pacts with a dozen or more nations. A new treaty with Italy was signed last year. Another with Uruguay is coming up soon. Brazil and India may be added to the list within a year or so.

But progress is painfully slow. State's negotiators are hamstrung—not only by

fierce nationalism abroad, but by obsolete U.S. laws, too.

Treasury and Interior Dept. officials are talking tax treaties with several countries. The idea is to avoid some of the evils of double taxation. Treasury hopes that a tax mission currently in Colombia may come up with a "model" treaty sometime next year. But U.S. law states that an American firm is taxable wherever it operates. Countries with a tradition of foreign investment—like Holland and Britain—threw this philosophy out decades ago.

I. Investment Treaties

Government guarantees don't go down well with most businessmen. But a lot of them have hopes for investment treaties. Last summer the National Foreign Trade Council presented its ideas on the subject in the form of a bill now before Congress. The bill is sponsored by Rep. Herter of Massachusetts; it's a model of lucidity compared to the Administration's Point 4 bill—which is often referred to by businessmen as a "blank check."

But the Herter bill, too, has some pretty weak points. One State Dept. official's reaction: "It seems a bit naive to think that investment treaties can do now what the British fleet did in the 19th century."

Among other things, the official was referring to that part of the Herter bill which asks that foreign governments give an "unqualified commitment" to convert profits on U.S. investments into dollars, or at least to give them a priority second only to "essential imports." Administration negotiators to a man claim that no foreign government could sign such a treaty and expect to stay in office very long.

• **Two Signed**—An investment treaty signed with China in 1947 and another signed last year with Italy stand today as the best bargains the U.S. has got so far. With some exceptions, these treaties allow U.S. businessmen to operate in China or Italy on the same terms as any Chinese or Italian.

But how good a bargain is this really? After all, Americans are now persona non grata in China. And it seems fair to say that Italy only made the concession because it was a conquered country trying to get cleared with its conquerors.

Privately, some State Dept. negotiators are dubious about getting such "good" bargains from other countries. As these officials see it, investment treaties at best are long-term general commitments of good faith. It isn't realistic to ask for more.

That doesn't mean, however, that businessmen can't go out and make their own agreements covering specific investments. In fact, that's probably

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clues

the best way for businessmen to get foreign governments to see things their way.

• **On Their Own**—Take the instances of three of the most successful U.S. foreign investors—United Fruit Co., Standard Oil (N. J.), and Pan American Airways.

Last year United Fruit had its hands full with discriminatory labor laws in Guatemala, among other places (BW—Feb. 26 '49, p. 128). But since then the company has turned in its usual handsome profit. Whatever agreements the company made in Guatemala, it made by itself.

Standard of New Jersey's Venezuela operation is held up these days as a model for foreign investment. Said one government official just back from that country: "Standard's reputation there is just about spotless."

Pan American's Juan Trippe has also shown himself to be an able diplomat. Trippe has made agreements with virtually every country along his far-flung air routes. True, he would just as soon forget some of them; but nonetheless, he has not had to call on the government to do his negotiating for him.

II. Investment Guarantees

Over at the Export-Import Bank, economists are working on a plan to use Ex-Im funds to guarantee U.S. investments abroad against nonbusiness risks. A request for this power is in the Administration's Point 4 bill.

Taking a cue from FICA's guarantee program, Ex-Im bankers are thinking this way: We will guarantee investments against loss of earnings through inability to convert capital and profits into dollars, or through expropriation. The guarantees might cover as much as 200% of the original investment over a period of 20 years, or as little as 100% over a period of 5 years.

But Ex-Im guarantees would go only to companies that invest in countries that have investment treaties with the U.S. So it may be quite a while before Ex-Im really gets going—if it ever does.

• **Arguments Against Guarantees**—Also there's a growing feeling in business circles against the whole guarantee plan, anyway. The National Foreign Trade Council passed a strong resolution to this effect at its recent convention. The feeling has its roots in the general dislike of government intervention. But there are some specific drawbacks, too.

Is the Ex-Im Bank going to guarantee new investments in a country where established investors have had the transfer of their funds blocked? Who's going to get priority in taking his profits out in dollars—the investor with a guarantee or the investor without one? These considerations are likely

to reduce the guarantee idea to a very minor role.

III. Technical Help

Finally, State and Commerce tax experts are working over endless technical-assistance programs for the world's backward areas. They will get only \$45-million from Congress next year. (Of this sum, \$13-million will go to the United Nations' technical-assistance program.)

The money will be spent almost entirely to improve health conditions and farming techniques. Some experts, too, will be sent to advise countries on how to run their finances so that local capital can be made available for development. But \$45-million is only a drop in the bucket. By and large, business and government agree that technical assistance isn't much good without private capital investment.

IV. How Much Private Money?

Add up all the government efforts and you still aren't going to get \$2-billion worth of private investments abroad in 1952. That's the consensus of opinion both inside and outside the government.

Some economists don't even believe



It's His Baby

A U.S. career diplomat, Merle Cochran, is slated to become American ambassador to the new United States of Indonesia. Washington credits Cochran with pulling off the peaceful settlement of the Dutch-Indonesian dispute. As U.S. member of the U.N.'s Good Offices Committee, his intervention saved the day more than once on the rocky road to U.S.I. independence. Cochran is technically ambassador to Pakistan, but has never taken up the post.

that the U.S. capital market will be able to deliver \$2-billion for foreign investment in 1952. But assuming the money is available, there are still these two big questions: (1) Who's going to invest it; and (2) what's it needed for?

• **Foreign Bonds**—U.S. capital started going abroad on a large scale only after World War I. From then until the 1930's, over half the money came from the sale of foreign bonds here.

Holders of foreign bonds got stung badly in the early 30's. Since then, as far as foreigners are concerned, the private U.S. capital market has about dried up. Recent U.S. investments abroad have been almost exclusively direct investments, made from the retained earnings of U.S. companies and their subsidiaries abroad.

• **Private Investment**—According to Commerce Dept. figures, about \$1.7-billion worth of direct U.S. private investments were made abroad between 1945 and 1949. Of this, about \$1.3-billion was spent on oil development. Although there are more than 2,000 U.S. companies with foreign branches, 75% of postwar investment has been accounted for by only 10 of them. In 1947, 12 companies skimmed off half of the total earnings from U.S. foreign investments.

The postwar investment pattern hardly looks stable. For one thing, it's hard to see how U.S. oil companies can keep up the pace of the past two years. There are too many signs that oil is nearing oversupply (BW—Nov. 19'49, p125).

• **The Need**—The State Dept. says that U.S. capital is needed abroad, in "manufacturing, mining, distribution, and services." But it is impossible to pin State down any further than that.

Certainly, if it's allowed, private U.S. capital will go into mining anywhere, as long as the output can be sold in the U.S. market. In fact, U.S. businessmen will go into any business abroad if they can sell the output at home.

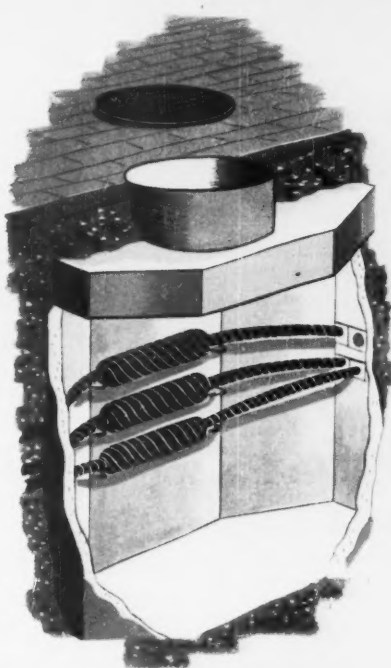
But when it comes to setting up a plant to supply the domestic market in any given country, few businessmen are ready to take the risk. Exchange controls, of course, are the biggest difficulty. Next biggest is the fear of government seizure. But there are still others.

• **No Market**—First of all, in most underdeveloped countries there is no market to serve. You can't sell much steel in Burma.

And the job of creating a market in undeveloped countries is one for governments. Reason: First things you need are roads, railroads, power, sanitation systems. Private capital today apparently can't build a railroad—or even a big power project any more. Even if the job could be made profitable, most countries are too national-minded to allow foreign capital in these fields.

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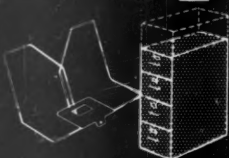
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COUNTERPART: Like its parent, the Ekco Co., Platers & Stampers makes kitchenware.

British Offspring Pays Its Way

Bigger sales by its British subsidiary will just about even up Ekco Co.'s export loss from devaluation.

Like other U.S. exporters, Ekco Products Co. of Chicago is feeling the pinch of devaluation. But unlike many of the others, it isn't worried much about declining export sales.

• **Overseas Standby**—The main reason is that Ekco has a subsidiary in Britain. And devaluation, the thing that has put the squeeze on Ekco's export sales, has given a corresponding boost to the subsidiary—and to Ekco's income from it.

Ekco's president, Arthur Keating, figures the company's export sales this year will slump \$500,000 below 1948. But in 1950, the British subsidiary expects to boost its sales by about \$500,000. So what Ekco loses on the swings, it might just about make up on the merry-go-round.

• **Going Abroad**—Ekco is primarily a manufacturer of kitchen utensils, pots and pans, and cutlery. By the late thirties, it had built up an active export market in England. In fact, says Keating, it was too good. British customers began clamoring for quicker deliveries, lower prices.

So in 1937, Ekco spent \$950,000 to set up a manufacturing subsidiary in Britain, called Platers & Stampers, Ltd. Because the plant was established in a "distressed area," P.&S. got help from the British government.

On a loan from the government, the city of Burnley, in Lancashire, built a \$500,000 plant according to American specifications for P.&S. P.&S. rented it with a long-term option to buy.

The company started production in 1938. But the war switched its line

from kitchenware to cartridge cases—and the government expanded the plant by 50% (at no cost to P.&S.).

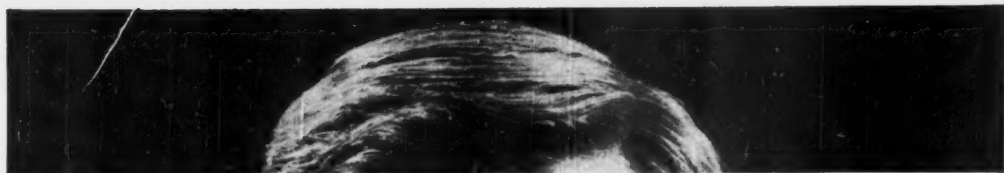
Since the war, P.&S. has bought another factory and has more than doubled its tooling. Today, the British operation is about one-fourth the size of its U.S. parent. Ekco now owns 70% of the 1,040,000 shares of P.&S. stock outstanding.

• **Earnings**—Par value of the stock is five shillings, on which the British government permits a maximum yearly dividend of 35%. Last April, P.&S. declared a final dividend for 1948 of 22½%. And in August, it declared an interim dividend of 12½%. Ekco has had no difficulty getting its money out of England in dollars. It has an agreement with the government that allows it to convert a "reasonable profit" into dollars.

Besides dividends, Ekco gets royalty and service payments from the subsidiary. Dollar transfers for these payments have to be negotiated individually with the Bank of England. But since P.&S. is a big contributor to the British export drive, Ekco has had no trouble getting the money converted.

In 1948 Ekco made enough out of its British operation to just about cover its preferred-dividend payments (\$256,837). Of course, now that the pound is worth only \$2.80, the take may not be so big. Even increased sales by P.&S. might not bring the dollar return up to the 1948 level.

• **Good But Used**—From a production standpoint, the overseas subsidiary has



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been a tremendous asset. Ekco has been able to ship used but good machinery' from its U. S. plants to P.&S. Though the machinery may be outdated here, it is modern by British production standards, Keating says. He adds that, "if the U. S. government were to allow us a greater depreciation rate on this equipment, we would enormously accelerate this program."

● **Pressure Pots**—Here's another way the British subsidiary has helped. After the war, Ekco spent a lot of time and money developing a pressure cooker for the U. S. market. But other American manufacturers got the jump in the field, so today Ekco admittedly runs a poor fourth among domestic producers.

But Ekco did turn over to P.&S. a pressure cooker free of "bugs," plus production tools and techniques, and even sales plans. As a result, P.&S. is one of the top companies in the pressure-cooker field outside the U. S. It sells an average of 16,000 pressure cookers a week.

Thus, says Keating, P.&S. is "rich with cash." Next year it plans to buy up one or two more British companies to diversify its line.

● **Mexico**—The idea of an overseas subsidiary worked so well in Britain, that Ekco is now trying one out in Mexico. Ekco owns 50% (the legal limit for foreigners) of a Mexican kitchenware company that has just started its second year of operation.

Rights Restored

West Germany sets up patent office, will start untangling patent, trademark, and copyright claims under new law.

MUNICH—Foreign claimants can now get squared on the status of their patents, trademarks, and copyrights in Germany. And Germans can get their own patent affairs straightened out.

● **New Office**—Foreign claims, as well as German applications, are being handled by the new German Federal Patent Office, just established here. (The Patent Office is the first federal agency to be set up by the new West German state.) Claims must be filed before Oct. 3, 1950. No fees need be paid for the reinstatement of rights.

The restitution of foreign rights is covered in legislation recently adopted by the Allied High Commission. Chief goals of the legislation are to:

(1) Reinstate patent and trademark applications which were pending at the start of the war.

(2) Restore rights seized or invalidated by Germany during the war.

(3) Extend the duration of patents,

trademarks, and copyrights for periods of up to 10 years.

(4) Authorize Germans to continue to exercise (under nonexclusive license) rights they got bona fide during the war.

(5) Preserve the right of Allied owners to institute proceedings during the next two years against Germans who infringed their rights during the war.

• **Benefit**—German industry as well as foreign interests should benefit from the opening of the Munich Patent Office. Lack of full patent protection has been a brake on German recovery during most of the occupation. It's estimated that Germany's exports should go up 5% to 10% hereafter.

True, for the past year German inventors could file patent and trademark applications. In fact some 120,000 were filed, and will now be registered by the new office. What's more, about 25 foreign countries permitted Germans to file during the past year. Still, many German manufacturers didn't want to disclose new developments until they knew their rights were really buttoned down.

Skepticism over patents is understandable. German industry is still bitter about the way the Allies helped themselves to industrial secrets at the end of hostilities. Also, a few countries seem to have taken advantage of the suspension of German patent rights to copy German industrial machinery.

• **Next**—The next step for Germany is to resume its place in the International Union for Protection of Industrial Property Rights at Bern, Switzerland. Negotiations on this are expected shortly. Germany's readmission into the union seems sure.

The problem of prewar German patents seized by the victorious Allies was settled under the London Accord of 1947, when the right of seizure ended. But no similar action has yet been taken on seized trademarks. And, until it is, certain German export industries—notably pharmaceuticals and cosmetics—feel they are handicapped. Failure to regain well-known trademarks can mean a permanent loss of markets.

• **Trademark Settlement?**—It would be possible for the Bonn government to settle the trademark question on a country-by-country basis. But Bonn would prefer a general settlement at an international conference.

The Munich Patent Office is headed by Dr. Eduard Reimer, Berlin lawyer and authority on industrial property rights. Reimer faces a terrific job at the outset. Aside from foreign claims, he has to process (1) the 120,000 German applications on file; and (2) a good share of the 180,000 German applications pending at the time the old Berlin Patent Office folded in 1945.

Then, new business is brisk. About 300 applications are filed daily.

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American Industry Must Stay Modern

"America's metalworking production equipment is in worse shape today than it was at the end of World War II.

"The obsolescence trend of the 1930's toward a higher average age of equipment is back. The metalworking industries are falling behind in keeping their machinery up to date.

"If the present trend of inadequate replacement of old machines is not reversed, by 1955 more than three out of four machine tools in this country will be at least 10 years old."

American Machinist, a McGraw-Hill publication, based these observations on an inventory it has just completed on metalworking equipment (BW—Nov. 5'49, p22). It points up sharply one of the most critical situations facing American industry and the whole national economy today.

One disturbing factor about our aging equipment: It puts America's position as industrial leader in jeopardy. If industries in other nations do a more progressive job of keeping production equipment modern, our world standing will be diminished. Other nations are taking steps to stimulate modernization of their industries for reasons of national security as well as economic ones.

Another danger is that the entire national economy will suffer if the capital goods obsolescence trend continues. What industry spends for production equipment and other capital goods has considerable bearing on the general level of business. It is still a generally accepted theory that as expenditures for plants and equipment go, so goes all business.

What We Have Done

Spending for capital improvements in the postwar years has been huge. That spending has been a mighty bulwark for the economy. It has helped to maintain industrial activity and total employment at levels much higher than the biggest prewar years.

Recently the volume of capital spending has been declining. It is not yet known whether that decline has been arrested. If it doesn't stop soon, the general level of business in 1950 may go considerably below the 1948 level.

BUSINESS WEEK believes that somehow investments of manufacturers in production equipment ought to be held on a high level. Expenditures should stay somewhere near the present amounts as a minimum. It would be better if they went higher.

Manufacturers give several reasons for not modernizing their equipment at a faster clip.

First of all, they say, the Bureau of Internal Revenue does not allow them to write off the cost of new equipment fast enough.

They complain of the resistance of production employees to machines that operate at higher speeds.

Manufacturers also say that more efficient production at the machine is of little value unless materials handling, distribution, and transportation are speeded up at the same time.

It seems to us, therefore, that action needs to be taken in several directions. The government must do one thing, employees and labor unions another. And managers of business still another.

Three-Way Action

(1) **The government should make a radical change in the Treasury's depreciation policy.** The Treasury now determines the average useful life of a machine and links the rate of depreciation to that life. If a machine will wear out in 20 years, as determined by the Treasury, the machine owner can deduct only 5% of its cost from his taxable income each year as depreciation. The Treasury says its experience tables are only to serve as a guide, but few companies are able to talk the Treasury Dept. into a higher rate.

Many bills are now in Congress to provide accelerated depreciation. Many of them would permit a manufacturer to amortize his investment in new equipment for tax purposes over a period of five years. A few Congressmen favor a longer depreciation period. Senator George believes a 10-year depreciation period would be most satisfactory.

Since the tough Treasury policy is a hinderance, Congress should act next year. A law should be passed to permit manufacturers to take higher write-offs on machine tools and other production equipment in the first few years of the machine's service.

(2) **Plant workers and their labor organizations should not throw road-blocks in the path of industrial progress.** They should be willing at least to discuss mechanical improvements with their employers. They should recognize that increased mechanical efficiency is the best hope they have for getting higher productivity and eventually higher wages for workers. After all, failure to improve efficiency and productivity imposes a rigid limit on wage increases.

(3) **Managers of industrial plants need to study their own policies affecting investment in capital goods.** They need to peck away constantly at other problems that limit production. They need to consider the advisability of making plans for equipment purchases, both for expansion and replacement.

Liberalized depreciation, by itself, will not do the job of keeping capital goods investment on a high level. It will, however, contribute most importantly. It is the one phase of the problem that has been studied most carefully to date. Therefore, it should be taken care of first. It is the greatest single thing that can be done to encourage American industry to modernize its production equipment—a vital step for industry and the whole national economy.



THE BUDD COMPANY, big name in industry, is the world's largest independent producer of automobile body components. A Shell Industrial Lubricant is used as a rust preventive.

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AUTOMOBILE BODY PARTS, at Budd, are shaped in big presses to the exacting specifications of leading automotive manufacturers... then shipped, while still unpainted, for assembly and finishing.

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The recommendation of Shell engineers: An emulsion of Shell Dromus Oil—so light in texture that it is easily sprayed on the parts as they move along a conveyor—but tough enough to cling to the metal in a rust-resistant film for at least 30 days!

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Advances in industrial techniques are closely related to planned lubrication. Shell's complete and progressive lubrication plan includes: Study and analysis of plant and machines; engineering counsel; advice on applying lubricants; schedules and controls for each machine; periodic reports on progress.

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It's here...

REVOLUTION IN TEXTILES!

How Geon polyvinyl materials are opening up huge new markets

WHEN the power loom hit the textile business last century, new, bigger markets opened up almost overnight.

Something similar is happening now with the introduction of printed film made from Geon polyvinyl resins. You get only a slight idea of the beauty of these new textiles from the picture. They can be printed in a wide color range, drape beautifully and outwear ordinary fabrics.

Because these new textiles are made from Geon they are light, easy to handle and can be cleaned with a damp cloth — no laundering necessary. They are flame-resistant and mildew- and insect-proof. Naturally, they are creating new markets for tablecloths, draperies and other decorative uses. Sales are amazing!

These new textiles are only one example of how Geon is revolutionizing industry, for these amazingly versatile polyvinyl materials are made up into durable flooring, raincoats, dolls, garden hose, upholstery—to mention but a few products. Geon is equally versatile in the production line, for it can be calendered into film and sheeting, extruded, molded, and used as a coating for many materials.

What does Geon suggest to you as a product improver or for launching a brand new idea? If Geon has given you an idea, please write us and our technical service will be very glad to work with you. We do not make finished products but we give all the help you need in developing new ones. For further information, please write Dept. A-12, B. F. Goodrich Chemical Company, Rose Building, Cleveland 15, Ohio.
In Canada: Kitchener, Ontario.

Watawat Plastic Fabric by Harris & Company, Inc., New York, N. Y.



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